TTS (Transport Trade Services) SA

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

PREPARED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)
AS ADOPTED BY EU

CONTENTS: **PAGE:**

Deloitte Audit S.R.L.
Clădirea The Mark Tower,
Calea Griviței nr. 82-98,
Sector 1, 010735
București, România

Tel: +40 21 222 16 61
Fax: +40 21 222 16 60
www.deloitte.ro

INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
TTS (Transport Trade Services) S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of TTS (Transport Trade Services) S.A. and its subsidiaries (the Group), with registered office in Vaselor 27, Bucharest, Romania, identified by unique tax registration code 9089452, which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and notes to the consolidated financial statements.

2. The financial statements as at December 31, 2022 are identified as follows:

• Net assets / Equity	RON 818,399,443
• Net profit for the financial year	RON 178,854,351

3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named "the Regulation") and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Numele Deloitte se referă la organizația Deloitte Touche Tohmatsu Limited, o companie cu răspundere limitată din Marea Britanie, la firmele membre ale acesteia, în cadrul căreia fiecare firmă membră este o persoană juridică independentă. Pentru o descriere amănunțită a structurii legale a Deloitte Touche Tohmatsu Limited și a firmelor membre, vă rugăm să accesați www.deloitte.com/ro/despre.

Deloitte.

Key Audit Matters	Audit approach related to Key Audit Matters
Revenue recognition The Group recorded in 2022 revenues related to the main activity actually carried out of 934,409,848 lei. These revenues arise from logistics services performed by the Company and are recognized over time in accordance with the contractual conditions considering the percentage of realization of the contracted distance using measures related to the position of the ship at period end. Taking into account the fact that revenue recognition and allocation between periods is based on estimates and data related to the position of the ship at year end, we have considered revenue recognition in the proper period as a key audit matter.	Our procedures related to the testing around the recognition of revenues in the proper period included the following: 1. Obtaining and reconciling the revenues database with the trial balance for the year ended December 31, 2022. 2. Checking the accounting policy used with the contractual terms and the specific rules and principles in IFRS 15. 3. Analysis of the database in terms of reasonability at the level of each client, transported products in comparison to last year. 4. Understanding and testing the internal controls implemented by the Group to make sure that revenues are recorded in the proper period. 5. Sending confirmations for movements during the period to the selected clients and reconciling the movements confirmed, where the case, with the revenues recorded by the Company. 6. Performing cut-off tests at the beginning of 2023 and end of 2022 to make sure that the logistic services rendered to customers are recorded in the correct period. 7. Considering the completeness and accuracy of disclosures related to revenues.

Other information

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators' Consolidated report and the Remuneration report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements for the year ended December 31, 2022, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   With respect to the Administrators' report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, with subsequent amendments.

   With respect to the Remuneration report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

   On the sole basis of the procedures performed within the audit of the consolidated financial statements, in our opinion:

   a) the information included in the Administrators' consolidated report and the Remuneration report for the financial year for which the financial statements have been prepared, is consistent, in all material respects, with these financial statements;

b) the administrators' consolidated report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, with subsequent amendments.

c) the Remuneration report has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the financial statements prepared as at December 31, 2022, we are required to report if we have identified a material misstatement of this Administrators' consolidated report and the Remuneration report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Deloitte.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Requirements for audits of public interest entities

Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2019/815 applicable to the consolidated financial statements included in the annual financial report of TTS (Transport Trade Services) S.A. and its subsidiaries ("**the Group**") as presented in the digital files which contain the unique LEI code 5493008M458S2MG7GP03 ("**Digital Files**")

(I) Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF

Management is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF;

- the selection and application of appropriate iXBRL mark-ups;

- ensuring consistency between the Digital Files and the consolidated financial statements to be submitted in accordance with Order 2844/2016.

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(II) Auditor's Responsibilities for Audit of the Digital Files

Our responsibility is to express a conclusion on whether the consolidated financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files including the marked-up data with the audited consolidated financial statements of the Company to be submitted in accordance with Order 2844/2016;
- evaluating if all financial statements contained in the consolidated annual report have been prepared in a valid XHTML format;
- evaluating if the iXBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the consolidated financial statements for the year ended 31 December 2022 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the consolidated financial statements of the Company for the year ended 31 December 2022 is set out in the "*Report on the audit of the consolidated financial statements*" section above.

15. We have been appointed by the General Assembly of Shareholders on January 11, 2023 to audit the financial statements of TTS (Transport Trade Services) S.A. for the financial year ended December 31, 2022. The uninterrupted total duration of our commitment is 1 year, covering the financial year ended December 31, 2022.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.
- No prohibited non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Andreea Gheorghe.

Andreea Gheorghe, Statutory Auditor

For signature, please refer to the original Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under AF 4579

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under FA 25

The Mark Building, 84-98 and 100-102 Calea Griviței, 9th Floor, District 1
Bucharest, Romania
March 27, 2023

TTS (Transport Trade Services) SA
CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "RON", unless specified otherwise)

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Revenue	4	934,409,848	598,812,025
Raw materials and consumables		(123,833,868)	(79,687,294)
Cost of merchandise sold		(32,523,946)	(44,074,060)
Subcontractor's expenses		(331,178,765)	(208,671,374)
Payroll expenses	6	(124,214,100)	(98,489,703)
Other expenses	5	(45,122,439)	(41,932,938)
Depreciation and amortization		(72,940,789)	(61,586,646)
Other gains and losses	7	5,800,128	15,532,629
Total operating result		**210,396,069**	**79,902,639**
Net financial investment (cost)/ income	8	1,026,111	895,209
Net finance (cost)/ income	9	(2,819,913)	(1,916,416)
Profit for the year from continuing operations		**208,602,267**	**78,881,432**
Income tax expenses	10	(29,747,916)	(12,476,305)
Profit for the year		**178,854,351**	**66,405,127**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Translation adjustments		(711,470)	131,749
Items that will not be reclassified subsequently to profit or loss:			
Gains/(losses) on property revaluation		-	13,949,948
Income tax relating to items that will not be reclassified subsequently to profit or loss		-	(1,867,091)
Total comprehensive income for the year, net of tax		**178,142,881**	**78,619,733**
Profit for the year attributable to:			
Owners of the Company		164,061,609	60,253,264
Non-controlling interests	21	14,792,741	6,151,863
Total comprehensive income for the year attributable to:			
Owners of the Company		163,350,139	72,467,870
Non-controlling interests	21	14,792,741	6,151,863
No of shares		60,000,000	30,000,000
Earnings per share		2.96	2.62

These consolidated financial statements have been approved by the Board of Directors, and authorized to be issued on March 27, 2023 by:

ȘTEFĂNUȚ PETRU
GENERAL DIRECTOR

FLORESCU NICOLETA,
FINANCIAL DIRECTOR

TTS (Transport Trade Services) SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(all amounts are expressed in "RON", unless specified otherwise)

	Note	Year ended December 31, 2022	Year ended December 31, 2021
ASSETS			
Non-current assets			
Property, plant, and equipment	**12**	665,998,798	631,864,336
Goodwill	**13**	3,846,603	3,846,603
Intangible assets		1,375,410	1,669,707
Right-of-use assets		228,941	-
Investments in associates	**14**	8,483,345	7,958,508
Other long-term assets	**15**	691,051	3,336,998
Total non-current assets		**680,624,148**	**648,676,152**
Current assets			
Inventories	**16**	39,738,689	30,982,426
Trade and other receivables	**17**	95,941,002	47,762,692
Other current assets	**18**	42,669,432	10,651,938
Cash and cash equivalents	**28**	146,032,810	58,900,794
Total current assets		**324,381,933**	**148,297,850**
Total assets		**1,005,006,081**	**796,974,002**
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	**19**	61,739,602	31,739,602
Reserves	**20**	286,956,544	239,881,529
Retained earnings		353,086,676	284,562,363
Equity attributable to equity holders of the parent		**701,782,822**	**556,183,494**
Non-controlling interest	**21**	**116,616,621**	**106,345,018**
Non-current liabilities			
Interest-bearing loans	**22**	40,879,479	26,815,528
Deferred tax liabilities	**10**	9,299,504	9,386,295
Long term leasing		263,832	-
Other long-term liabilities	**25**	15,302,944	392,158
Total non-current liabilities		**65,745,759**	**36,593,981**

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Current liabilities			
Trade and other payables	**23**	45,270,965	29,901,117
Current portion of the leasing		57,806	-
Interest bearing loans and borrowings	**22**	26,829,020	41,309,533
Provisions for risks and charges	**24**	3,881,069	1,534,564
Other current liabilities	**25**	44,822,019	25,106,295
Total current liabilities		**120,860,879**	**97,851,509**
Total liabilities		**186,606,638**	**134,445,490**
Total equity and liabilities		**1,005,006,081**	**796,974,002**

These consolidated financial statements have been approved by the Board of Directors, and authorized to be issued on March 27, 2023 by:

ȘTEFĂNUȚ PETRU
GENERAL DIRECTOR

FLORESCU NICOLETA,
FINANCIAL DIRECTOR

TTS (Transport Trade Services) S.A.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "RON", unless specified otherwise)

	Note	Share capital	Legal reserves	Other Reserves	Revaluation Reserves	Retained earnings	Translation reserve	Attributable to owners of the parent	Non-controlling interests	Total
Balance as of January 1, 2022		**31,739,602**	**6,000,000**	**158,117,340**	**75,977,017**	**284,562,363**	**(212,829)**	**556,183,494**	**106,345,018**	**662,528,512**
Profit for the year		-	-	-	-	164,061,610	-	164,061,610	14,792,741	178,854,350
Translation adjustments		-	-	-	-	-	(711,470)	(711,470)	-	(711,470)
Total comprehensive income		**-**	**-**	**-**	**-**	**164,061,610**	**(711,470)**	**163,350,140**	**14,792,741**	**178,142,881**
Transfers between reserves	20	-	4,620,132	46,457,574	-	(51,077,706)	-	-	-	-
Revaluation reserve		-	-	-	(3,291,220)	3,291,220	-	-	-	-
Share capital issued		30,000,000	-	-	-	(30,000,000)	-	-	-	-
Dividends distributed		-	-	-	-	(17,850,000)	-	(17,850,000)	-	(17,850,000)
Increase in percentage held in subsidiaries		-	-	-	-	99,190	-	99,190	(174,915)	(75,725)
Dividends distributed to minority interest		-	-	-	-	-	-	-	(4,346,222)	(4,346,222)
Balance as of December 31, 2022		**61,739,602**	**10,620,132**	**204,574,914**	**72,685,797**	**353,086,676**	**(924,299)**	**701,782,822**	**116,616,621**	**818,399,443**

According to the AGM dated April 1, 2022, the increase of the share capital by the amount of RON 30,000,000 was approved by the partial incorporation of the undistributed profit from previous years (reported result), with the issue of new shares in return and their free distribution to shareholders at a rate, allocation of 1 newly issued share for each share held.

During April 2022, dividends, were distributed for RON 17,850,000, respectively RON 0.29 per share.

These consolidated financial statements have been approved by the Board of Directors, and authorized to be issued on March 27, 2023 by:

ȘTEFĂNUȚ PETRU
GENERAL DIRECTOR

FLORESCU NICOLETA,
FINANCIAL DIRECTOR

TTS (Transport Trade Services) S.A.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in "RON", unless specified otherwise)

	Share capital	Legal reserves	Other Reserves	Revaluation Reserves	Retained earnings	Translation reserve	Attributable to owners of the parent	Non-controlling interests	Total
Balance as of January 1, 2021	**31,739,602**	**6,000,000**	**153,627,853**	**63,894,160**	**244,765,568**	**(344,578)**	**499,682,606**	**105,299,772**	**604,982,378**
Profit for the year	-	-	-	-	60,253,264	-	60,253,264	6,151,863	66,405,127
Revaluation reserve	-	-	-	13,949,948	-	-	13,949,948	-	13,949,948
Deferred tax related to reevaluation reserve	-	-	-	(1,867,091)	-	-	(1,867,091)	-	(1,867,091)
Translation adjustments	-	-	-	-	-	131,749	131,749	-	131,749
Total comprehensive income	**-**	**-**	**-**	**12,082,857**	**60,253,264**	**131,749**	**72,467,870**	**6,151,863**	**78,619,733**
Transfers between reserves	-	-	4,489,487	-	(4,489,487)	-	-	-	-
Dividends distributed	-	-	-	-	(16,200,000)	-	(16,200,000)	-	(16,200,000)
Increase in percentage held in subsidiaries	-	-	-	-	233,018	-	233,018	(461,864)	(228,846)
Dividends distributed to minority interest	-	-	-	-	-	-	-	(4,644,753)	(4,644,753)
Balance as of December 31, 2021	**31,739,602**	**6,000,000**	**158,117,340**	**75,977,017**	**284,562,363**	**(212,829)**	**556,183,494**	**106,345,018**	**662,528,512**

In 2021, the shares issued by TTS (Transport trade Services) S.A. were admitted being traded on the stock market administered by the Bucharest Stock Exchange, the first trading day was June 14, 2021, TTS issuer symbol.

In April 2021, dividends were distributed in amount of RON 16,200,000, respectively RON 0.54 per share.

These consolidated financial statements have been approved by the Board of Directors, and authorized to be issued on March 27, 2023 by:

ȘTEFĂNUȚ PETRU
GENERAL DIRECTOR

FLORESCU NICOLETA,
FINANCIAL DIRECTOR

	Notes	Year ended, December 31, 2022	Year ended, December 31, 2021
Cash flows from operating activities:			
Profit before taxation		**208,602,266**	**78,881,432**
Adjustments for non-cash items:			
Depreciation, amortization, and impairment	**12**	72,940,789	61,586,645
Net increase/(Decrease) in provision for fixed assets	**12**	4,797,068	(2,628,254)
Net interest expenses		1,809,643	1,281,689
(Gain)/ Loss from disposals of fixed assets		2,479,336	(1,592,495)
Decrease in provision for current assets		(877,296)	(3,574,981)
Written off receivables		4,241,874	6,996,084
Net increase / (Decrease) in provision		2,346,505	(3,474,121)
Increase in shares as result of share of profit of associates		(524,837)	(361,715)
Exchange rates differences		-	-
Operating profit before working capital changes		**295,815,349**	**137,114,284**
Changes in operating assets and liabilities:			
(Increase) / Decrease in trade and other receivables		(60,704,687)	11,228,922
Decrease / (Increase) in inventories		(10,166,337)	(8,664,148)
Increase / (Decrease) in trade and other payables		18,450,957	(4,716,552)
Cash generated from operations		**243,395,282**	**134,962,507**
Interests paid		(3,114,745)	(1,493,689)
Income tax paid		(15,516,336)	(11,390,369)
Net cash flow generated from operations		**224,764,201**	**122,078,449**
Investing activities:			
Purchases of tangible and intangible assets		(120,823,384)	(97,242,932)
Payments for investments		(75,725)	(228,846)
Income from sale of fixed assets		4,485,995	5,925,972
Interest cashed in		1,305,103	212,000
Dividends paid to non-controlling interests		(4,346,222)	(4,644,753)
Cash flow used in investing activities		**(119,454,233)**	**(95,978,557)**

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Financing activities:			
Dividends paid		(17,850,000)	(16,200,000)
Loan withdrawal	22	24,387,996	19,936,070
Loan reimbursement	22	(24,804,558)	(25,726,196)
Other long-term debts receipts/ (payments)	22	88,610	(369,503)
Cash flow generated by financing activities		**(18,177,952)**	**(22,359,628)**
Net increase in cash and cash equivalents		87,132,016	3,740,264
Cash and cash equivalents at the beginning of the year		**58,900,794**	**55,160,530**
Cash and cash equivalents at the end of the year		**146,032,810**	**58,900,794**

These consolidated financial statements have been approved by the Board of Directors, and authorized to be issued on March 27, 2023 by:

ȘTEFĂNUȚ PETRU
GENERAL DIRECTOR

FLORESCU NICOLETA,
FINANCIAL DIRECTOR

1. GENERAL INFORMATION

TTS (Transport Trade Services) SA (hereinafter referred to as 'the Company'), is a company incorporated in Romania, in 1997 having its registered office at no 27, Vaselor Street, Bucharest.

The core business of the Company is represented by activities related to transports. TTS (Transport Trade Services) S.A. operates as sender of goods in domestic and international transport, on interior river ways, offering integrated/modular transport services.

The consolidated financial statements of the Company as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as "Group" and individually as "Group entities").

The consolidated financial statements of the Company as at and for the year ended December 31, 2022, are approved on March 27, 2023.

Consolidation perimeter

TTS (Transport Trade Services) SA prepares consolidated financial statements for the year ended December 31, 2022. Consolidated financial statements include the financial statements of companies TTS SA („the Company") and its subsidiaries: CNFR Navrom S.A., Canopus Star S.R.L., TTS Porturi Fluviale S.R.L.., TTS Operator S.R.L., Navrom Bac S.R.L., Navrom Shipyard S.R.L., Agrimol Trade S.R.L., Cernavoda Shipyard S.R.L, Bunker Trade Logistic S.R.L, TTS (Transport Trade Services) GMBH, Navrom River S.R.L., Superquatro Group SRL, Plimsoll Zrt and Fluvius Kft, Port of Fajzs kft known as "the Group".

As at December 31, 2022 the Company owned directly or through other subsidiaries investments in the following entities:

Name of investment	Core Business	Place of establishment and operations	Type	December 31, 2022	December 31, 2021
				%	%
CNFR Navrom S.A.	Transportation of goods on rivers	Galați, Romania	Subsidiary	92.16913%	92.13526%
Canopus Star S.R.L.	Handling of goods	Constanța, Romania	Subsidiary	51%	51%
TTS Porturi Fluviale S.R.L.	Handling of goods	Galați, Romania	Subsidiary	100%	100%
TTS Operator S.R.L.	Handling of goods	Constanța, Romania	Subsidiary	90%	90%
Navrom Bac S.R.L.	transportation on rivers	Galați, Romania	Subsidiary	91.7335%	91.6998%
Navrom Shipyard S.R.L.	Repair and maintenance of ships and boats	Galați, Romania	Subsidiary	92.1642%	92.1275%
Superquatro Group S.R.L.	Hydrotechnical works	Galați, Romania	Subsidiary	92.1691%	92.1352%
TTS (Transport Trade Services) Gmbh	Complementary activities related to transport	Austria	Subsidiary	75%	75%
Plimsoll Zrt	Complementary activities related to transport	Budapesta, Ungaria	Subsidiary	51%	51%
Fluvius Kft	Transportation of goods on rivers	Budapesta, Ungaria	Subsidiary	51%	51%
Port of Fajsz Kft	Handling of goods	Fajsz, Ungaria	Subsidiary	100%	100%
Agrimol Trade S.R.L.	Trading various products	București, Romania	Subsidiary	99.9772%	99.9772%
Bunker Trade Logistics S.R.L.	Complementary activities related to transport	Constanța, Romania	Subsidiary	92.1352%	92.1352%
Transterminal-S S.R.L.	Railway transportation of goods	Chișinau, Rep. Moldova	Associate	20%	20%
Navrom Port Service S.A.	River transportation of goods	Galați, Romania	Associate	49.98%	46.0466%
Management NFR S.A.	Business and consultancy services	București, Romania	Investment	20%	20%
GIF Leasing IFN	Finance lease	Bucuresti, Romania	Investment	7.7014%	7.7014%

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Initial application of new amendments to the existing standards effective for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

Standard	Title
Amendments to IFRS 3	Reference to the Conceptual Framework with amendments to IFRS 3
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to various standards (IFRS 1, IFRS 9, IFRS 16 and IAS 41)	Improvements to IFRSs - Cycle 2018 -2020

The adoption of amendments to the existing standards has not led to any material changes in the Company's financial statements.

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

Standard	Title	IASB effective date
IFRS 17 Insurance Contracts	New standard IFRS 17 "Insurance Contracts" including the June 2020 and December 2021 Amendments to IFRS 17	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to IAS 1	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments	deferred indefinitely

The Group has elected not to adopt the new standard and amendments to existing standards in advance of their effective dates. The Group anticipates that the adoption of the standard and amendments to existing standards will have no material impact on the financial statements of the Group in the period of initial application.

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standard	**Title**
Amendments to IFRS 3	Reference to the Conceptual Framework with amendments to IFRS 3
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to various standards (IFRS 1, IFRS 9, IFRS 16 and IAS 41)	Improvements to IFRS - Cycle 2018 -2020

The adoption of these amendments to the existing standards did not lead to significant changes in the Group's financial statements.

New standards and amendments to the existing standards issued by IASB but not yet effective

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at financial statements date (the effective dates stated below is for IFRS as issued by IASB):

Standard	**Title**	**EU effective date**
IFRS 17	New standard IFRS 17 "Insurance Contracts" including the June 2020 and December 2021 Amendments to IFRS 17	1 January 2023
Amendments to IAS 1	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at date of authorization of these financial statements:

Standard	Title	EU adoption status
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current (IASB effective date: 1 January 2023)	Not yet adopted by EU
Amendments to IAS 1	Non-current Liabilities with Covenants (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the group y in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principals have not been adopted by the EU remains unregulated.

According to the Company's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement" would not significantly impact the financial statements, if applied as at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by EU.

3.2 Basis of preparation

The consolidated financial statements have been prepared at historic cost, except for certain assets that are stated at fair value as described in the accounting policies. The historic cost is generally based on the fair value of the provision supplied in exchange of the assets. These financial statements have been prepared on the basis of the statutory accounting records in accordance with the accounting principles in Romania, which have been adjusted to comply with the IFRS adopted by the EU.

The financial statements for the year ended 2021 included a gain on revaluation (and related deferred tax movement) that was included in the Statement of Changes in Equity. This movement should have also been presented in Other Comprehensive Income within the Consolidated Statement of Comprehensive Income. The comparative information has therefore been corrected to reflect these items.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Basis of preparation (continued)

The impact is summarized below:

	Year ended December 31, 2021	Increase/ (Decrease)	Year ended December 31, 2021 (restated)
Profit for the year			
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gains/(losses) on property revaluation	-	13,949,948	13,949,948
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	(1,867,091)	(1,867,091)
Total comprehensive income for the year, net of tax	**66,536,876**	**12,082,857**	**78,619,733**
Total comprehensive income for the year attributable to:			
Owners of the Company	60,385,013	12,082,857	72,467,870
Non-controlling interests	6,151,863	-	6,151,863

The main accounting policies are presented below:

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Presentation currency

These financial statements are presented in RON, which is the presentation currency of the Group. The financial statements are presented in RON, rounded, without decimals. The transactions realized in a foreign currency are stated in RON by applying the exchange rate at the transaction date. The monetary assets and debts stated in a foreign currency, at the year end, are stated in RON using the exchange rate at the respective date. Gains and losses from the exchange rate differences, realized, or not realized, are stated in the profit and loss account for the respective year.

The exchange rates as of December 31, 2022 and as at December 31, 2021 are:

	December 31, 2022	December 31, 2021
EUR	4.9474	4.9481
USD	4.6346	4.3707

Non-monetary assets and liabilities measured in terms of fair value in a foreign currency are translated in functional currency at closing rate of the date when the fair value has been determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Basis of preparation (continued)

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures and recognizes at fair value ships (presented within ships category).

Also, fair values of financial instruments measured at amortized cost are estimated for disclosure purposes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: market prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Basis of preparation (continued)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's policies by verifying the major inputs applied in the latest valuation and assessing the changes from the previous valuation.

For fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee.
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- can use its power to affects its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than most of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- potential voting rights held by the Company, other vote holders or other parties
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Basis of consolidation (continued)

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquirer's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. After acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group losses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or fair values, the related cumulative gain or loss is recognized in revaluation reserves in other comprehensive income. As PPE carried at fair value is disposed, the revaluation reserve corresponding to the respective asset is moved to retained earnings.

The fair value of any investment retained in the former subsidiary when the control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Goodwill (continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

3.5 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate.

3.6 Non-current assets held for sale

Non-current assets and disposals groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.7 Revenue from contracts with customers

The Group recognizes revenue from the following major sources: from logistic services, from sales of goods and also from construction contracts.

Revenue is recognized when the customer acquires control of the goods or services provided, at the amount that reflects the price that the company expects to receive in exchange for those goods or services.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Revenue from contracts with customers (continued)

The revenue is measured at the fair value of the counter value received or receivable. Revenue from sales is reduced for returns, commercial rebates, and other similar reductions. The basic rule is that prices/tariffs are calculated based on costs + profit, under market conditions. Port prices are more stable, contracted mostly on yearly basis but usually same over a longer period. Tariffs for transport are more stable for minerals and part of chemicals, i.e., contracts valid one year (or more), spot contracts are calculated according to the basic rule. Tariffs for grains are agreed for main volumes, basis on one year long contract, level of tariffs being higher during season (July – December) and lower for off-season (January-June); spot contracts follow the basic rule.
Prices for transport are adjusted with BAF (bunker adjustment fee) and LWS (low water surcharge).

The company has the following revenue streams:

3.7.1. Revenue from logistic services

Revenue from logistic services (transport, expedition, port operations) are recognised over time:

Revenue from logistic services is recognised as the transport is confirmed by the beneficiary based on the following:

- freight documents (bill of lading, other related transport documents);
- Documents attesting to the unloading operation from transport vehicles like barges, maritime ships or loading operation of loading the commodities (tally upon unloading / Out Turn Report – OTR / draft unloading survey)
- For the transportation services in progress at year end- the revenue is recognised as it is executed depending on percentage of execution of the service applying the output method based on:
    - the ships' location at the end of each month in the electronic ship monitoring system in Navrom's Dispatch Office.
    - the virtual route of the convoy (quantity x virtual distance) corroborated with the virtual trade of the order

Revenues are reflected in the forward segment detailed in **Note 11.** The forward segment is mainly involved in contracting the final clients and subcontracting the work to be done by transportation suppliers mainly from the fluvial segment but also third parties. Port operations are also doing services for the first two segments but also for other third parties' clients. Revenues are recognized over time in line with contractual terms.

3.7.2. Sale of goods

Revenue from sales of goods is recognized when control of the goods are physically transferred being at the point the customer purchases the goods.

This is a secondary stream activity of the Group that it is mainly reflected in the activity of the subsidiaries Agrimol Trade SRL and Bunker Trade Logistic SRL, this activity being included in the segment "other activities" please see note 11.

The revenues are recorded based on approved contract between parties and parties being committed to perform their respective obligations. Each parties' rights and payment terms can be easily identified. The contracts have commercial substance, and it is probable that the entity will collect the consideration to which will be entitled in exchange for the goods or services transferred to the customer.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7.3 Revenues from construction contracts

Revenue and costs for construction contracts in Navrom Shipyard and Cernavoda Shipyard are recognized at a point in time when delivered to client based on acceptance from the beneficiary. As the project is executed, costs are capitalized as work in progress.

Costs capitalized for this work in progress are reflected in the "other revenues" and are generated by Navrom Shipyard Galati and Cernavoda Shipyard subsidiaries.

The Group is using the practical expedient in relation to the disclosure of the backlog as at December 31, 2022 and 2021 due to the nature of the framework contracts in place.

3.8 Retirement benefit costs

In the normal course of business, the Group makes payments to the Romanian State on behalf of its employees, for work insurance expenses. The cost of these payments is charged to the income statement in the same period as the related salary cost.

All employees of the Company are members of the Romanian State pension plan.

The Group does not operate any other pension scheme or postretirement benefit plan and, consequently, has no obligation in respect of pensions. In addition, the Group is not obliged to provide further benefits to its employees.

3.9 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group's policy is to establish tax provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such tax provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been identified.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Current and deferred tax are recognized in profit and loss, except when they relate to items that are recognized in other comprehensive income, or directly in equity in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively

A. Current tax

The tax currently payable is based on the taxable profit of the year. Taxable profit differs from the 'profit before tax' as reported in the consolidated statement of profit and loss, as it excludes the elements of income and expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current income tax liability is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Taxation (continued)

B. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the Romanian laws that have been enacted or substantively enacted by the reporting date (2022 and 2021: 16%).

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.10 *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.11 Non-Reimbursable Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct, or otherwise acquire non-current assets (including property, plant, and equipment) are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

3.12 Property, plant, and equipment

Land and buildings held to be used in the production or supply of goods or services or for administrative purposes are stated in the consolidated statement of financial statements at their cost less accumulated depreciation and accumulated impairment losses.

Tangible assets in progress that will be used in production or in administration are stated at cost less any impairment. Costs include professional fees and, in case of qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policies. Such assets are classified under such categories of tangible assets when completed or ready for use for the purpose they were intended. The depreciation of such assets, on the same basis as other owned assets, commences when the assets are ready for use as intended by the management.

Land is not depreciated.

The depreciation of the property plant and equipment items is recorded in the statement of comprehensive income through the profit and loss of the year.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Property, plant, and equipment

The depreciation commences when the assets are ready for their intended use.

Property, plant, and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. For ships, included in Plant and equipment, the revaluation model is used. They are depreciated on the estimated useful life of these assets which are subject to revaluation with sufficient regularity , such that the carrying value does not significantly differ to the fair value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when tit is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is recognized to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is no longer recognized further to its assignment or when no future economic benefits are expected from the continued use of the asset. Any gain or loss resulting from the assignment or disposal of an item of property, plant and equipment is determined as the difference between proceeds from sales and the carrying value of the asset and is recognized in the Group's profit or loss.

The average useful life of each category of property, plant and equipment is presented as follows:

	Years
Buildings	3 – 60
Plant and equipment	2 – 30
Fixtures and furniture	2 – 16
Ships	8 - 20

3.13 *Intangible assets purchased separately.*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated depreciation amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis throughout the useful life. The estimated useful life and the amortization method are revised at the end of each reporting period, effecting changes in the future accounting estimates.

The following useful lives are used in the calculation of amortization:

	Years
Concessions & patents, software	1 – 5

3.14 Impairment of tangible and intangible assets other than goodwill

Intangible assets with an indefinite useful life and the intangible assets that are not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Where the asset does not generate cash, inflows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. .

Where there can be identified a consistent allocation basis, the Group's corporate assets are also allocated to individual cash generating units or to the smallest group of cash generating units for which a consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Impairment of tangible and intangible assets other than goodwill

The recoverable value means the highest of fair value minus sale costs and its value in use. When measuring the value in use, estimated future cash flows are discounted at their current value by using a discount rate determined prior to taxation, which reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates related to future cash flows have not been adjusted.

If the recoverable value of an asset (or cash-generating unit) is estimated to be lower than its carrying value, then the carrying value of the asset (or the cash-generating unit) is reduced to the level of the recoverable value. Impairment is recognized immediately in profit or loss, if the relevant asset is not registered at a re-measured value, in which case the impairment is treated as reduction of re-measurement.

When an impairment loss is subsequently reversed, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable value, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the respective asset (cash generating unit) in the prior years. A reversal of the impairment loss is immediately recognized in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.15 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including a part corresponding to the fixed and variable expenses are allocated to the inventories held through the method that is most adequate to the respective class of inventories, the weighted average basis. Net realizable value represents the sale price estimated for inventories less all the costs estimated for completion and the costs pertaining to the sale.

3.16 Provisions

Provisions are recognized when the Group has a present obligation (legal or implicit) because of a past event, and it is probable that an outflow of resources incorporating economic benefits will be required to settle that obligation and a reliable estimate of the value of the obligation may be made.

The value recognized as provision is the best estimate of the counter value required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties related to the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, the carrying value thereof is the present value of such cash flows (if the effect of the time value of money is material).

When expected that some of or all the economic benefits required to settle a provision be recovered from third parties, then the receivable is recognized as asset if it is almost certain that the repayment will be collected, and the value of the receivable can be reliably assessed.

Taxation provisions

The Group records current tax provision relating to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with the Romanian Tax Authorities. Uncertain tax items for which a provision is made, relate principally to the interpretation of tax legislation regarding arrangements entered by the Group. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the outcome may differ significantly. There are no such open issue with the tax authorities for the Group as at December 31, 2022 for which a provision would be needed.

Onerous contracts

Present obligations generated under onerous contracts are recognized and measured as provisions. A contract is onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Warranties

Provisions for estimated costs of guaranteed obligations according to local legislation concerning the sale of goods are recognized on the date when the relevant products are sold, at the best estimate made by the management as regards the expenses required to settle the Company's obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Use of estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur

Critical accounting judgements

The following are the critical judgements that the management has used in applying the Group's accounting policies and which have a significant impact on the carrying values recognized in the financial statements.

i) Allowances for inventories

At the end of each reporting period, the Group revises the sufficiency of allowances for slow moving inventories as in Note 16.

ii) Useful life of tangible and intangible assets

The Company revises the estimated useful life of tangible and intangible assets at the end of each annual reporting period. The useful lives are presented in Note 3.12 tangible and intangible accounting policies.

iii) Deferred tax.

The carrying amount as at December 31, 2022 and December 31, 2021 is presented in Note 10.

3.18 Application of IFRS 9 *Financial Instruments*

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets. Financial assets resulting from the main operations of the company are presented as Trade receivables while receivables from secondary operations like sale of ships (PPE) are presented as sundry debtors.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Application of IFRS 9 *Financial Instruments* (continued)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognized in profit or loss and is included in the Net of finance cost/ income line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Application of IFRS 9 *Financial Instruments* (continued)

(i) Amortized cost and effective interest method

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost, lease receivables, trade receivables and contract assets, as well as on financial guaranteed contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(ii) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think tanks, and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relates to the Group's core operations.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Application of IFRS 9 *Financial Instruments* (continued)

(ii) Significant increase in credit risk

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) the financial instrument has a low risk of default.

(2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.
For financial guaranteed contracts, the date that the Group becomes a party to the irrevocable commitment is the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria can identify significant increase in credit risk before the amount becomes past due.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments.

When the Group exchanges with the existing lender one debt instrument for another with substantially different terms, this exchange is accounted for as an extinguishment of the original financial debt and the recognition of a new financial debt. Similarly, the Group accounts for the material change in the terms of an existing liability or part thereof as an extinguishment of the original financial liability and the recognition of a new liability. The terms are assumed to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, is at least 10% different from the present value of the cash flows remaining cash of the original financial debt. If the change is not substantial, the difference between: (1) book value of the debt before the change; and (2) the present value of the number flows after the change is recognized in the income statement as a gain or loss from the change under Other gains

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Application of IFRS 9 *Financial Instruments* (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Group as a lessee

i) Right-of-use assets

The *Group* recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 3 Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the *Group* recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the *Group* and payments of penalties for terminating the lease, if the lease term reflects the *Group*'s exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the *Group* uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The *Group* applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Application of IFRS 9 *Financial Instruments* (continued)

Leases

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its equipment.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

After initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.
Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Contingent assets and liabilities

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

- a present obligation that arises from past events that is not recognized because:

    a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

    b. the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the Group's financial statements, but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is not recognized in the Group's financial statements, but disclosed when an inflow of economic benefits is probable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting

An operating segment is a component of an entity: that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Reportable segments are operating segments or aggregations of operating segments that meet specified criteria:

- its reported revenue, from both external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments, or

- the absolute measure of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss, or

- its assets are 10 per cent or more of the combined assets of all operating segments.

If the total external revenue reported by operating segments constitutes less than 75 per cent of the entity's revenue, additional operating segments must be identified as reportable segments (even if they do not meet the quantitative thresholds set out above) until at least 75 per cent of the entity's revenue is included in reportable segments.

The results, assets and liabilities related to a segment include elements that may be allocated directly to one segment, and elements that may be allocated on a reasonable basis.

Capital expenses related to a segment represent the total costs registered over the period for purchasing tangible and intangible assets.

4. REVENUE

The following is an analysis of the Group's revenue for the year from continuing operations:

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue from sales of merchandises	42,339,634	58,429,562
Revenues from sales of finished products	3,343	20,406
Revenue from rendering of services	883,563,814	529,828,098
Revenue from other activities	8,503,057	10,533,959
Total	**934,409,848**	**598,812,025**

For more details, please see also note 11 Segment revenue.

The following table classifies the proceeds from the sale of services in 2022 according to the timing of revenue recognition:

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue recognized overt time	883,930,775	529,912,580
Revenues recognized at a point in time	50,479,073	68,899,445
Total	**934,409,848**	**598,812,025**

5. OTHER EXPENSES

	Year ended December 31, 2022	Year ended December 31, 2021
Electricity expenses	7,077,179	6,329,476
Repairs	16,133,453	12,185,646
Rent expenses	6,593,367	8,874,243
Insurance expenses	6,546,380	6,216,122
Training	281,170	178,179
Transportation services	1,922,948	1,740,494
Expenses with commissions	998,629	1,135,853
Advertising and protocol expenses	1,240,485	974,981
Travel expense	506,598	294,221
Communication expenses	1,172,621	1,282,533
Tax expenses	2,649,608	2,721,190
Total	**45,122,439**	**41.932.938**

6. PAYROLL EXPENSES

	Year ended December 31, 2022	Year ended December 31, 2021
Salaries and allowances expenses	110,410,016	88,036,029
Insurance contribution for work	2,980,677	2,319,656
Other expenses regarding insurance and social protection	3,908,620	2,510,822
Meal tickets	4,129,366	3,355,977
	121,428,679	**96,222,484**
Board Members executive and non-executive	2,785,421	2,267,219
Total	**124,214,100**	**98,489,703**

7. OTHER GAINS AND LOSSES

	Year ended December 31, 2022	Year ended December 31, 2021
Other income	28,575,614	17,272,082
Net income / expenses from foreign exchange differences	(1,331,352)	940,371
Net income / (expenses) from adjustments for current assets	877,296	3,574,982
Net income from adjustments for non-current assets	(4,648,697)	2,628,253
Net income / (expenses) from provisions for risks and charges	(2,346,505)	3,509,077
Own work capitalized in construction of PPE	2,561,1634	4,421,955
Write off doubtful receivables	(4,241,874)	(6,933,488)
Other administrative expenses	(6,793,060)	(5,521,976)
Expenses related to fixed assets disposals	(6,852,457)	(4,358,627)
Total	**5,800,128**	**15,532,629**

Other income represents mainly penalties invoiced to the final customers and income from sales of tangible assets.

In 2022, net income from adjustments for non-current assets includes the amount of RON 3,541,259 and is related to the establishment of impairment for equipment, respective machines that are in conservation.

8. INVESTMENT EXPENSES / INCOME

	Year ended December 31, 2022	Year ended December 31, 2021
Share of profit of associates gain / (loss)	531,440	361,253
Income from financial assets- dividends received	443,428	343,220
Other financial income	1,266,682	520,567
Other financial expenses	(1,215,439)	(329,831)
Income / (Expense) from financial investments	**1,026,111**	**895,209**

In 2022, revenues and expenses from financial investments include mainly dividends received from the investments of the Group. Financial investment is the gain from recording the investments through equity method through profit and loss account.

For further details regarding Share of profit of associates gain please see note 14.

9. NET FINANCE COST/ INCOME

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income	1,327,762	226,850
Bank fees and commissions	(1,032,930)	(649,577)
Interests on borrowings	(3,114,745)	(1,493,689)
Total	**(2,819,913)**	**(1,916,416)**

10. INCOME TAX

	Year ended December 31, 2022	Year ended December 31, 2021
Current tax expense (note 10.2)	**29,834,707**	**12,742,973**
Expenses / (Income) with deferred tax recognized in the current year (note 10.1)	(86,791)	(266,668)
Total	**29,747,916**	**12,476,305**

10. INCOME TAX

The tax rate applied for the reconciliation above for the years 2022 and 2021 is 16% in Romania.

	Temporary differences 2022	Deferred tax amount 2022	Temporary differences 2021	Deferred tax amount 2021
Non current assets	(66,973,846)	(10,715,815)	(67,415,788)	(10,786,526)
Trade receivables and other current assets	7,040,104	1,126,417	8,206,339	1,313,014
Inventories	1,811,840	289,894	545,105	87,217
Tax liabilities		**(9,299,504)**		**(9,386,295)**

10.1 Details regarding deferred tax

	Year ended December 31, 2022	Year ended December 31, 2021
Balance as at January 1 deferred tax liabilities	**9,386,295**	**7,785,872**
Deferred tax impact related to revaluation reserves	-	1,867,091
Expense / (Revenue) in the period:		
- generated by the revaluation reserves	-	(266,668)
- borrowings and others	(86,791)	-
Total impact – Profit and Loss account	**(86,791)**	**(266,668)**
Total impact through comprehensive income	**-**	1,867,091
Balance as at December, 31 deferred tax liabilities	**9,299,504**	**9,386,295**

10.2 Details regarding income tax

	Year ended December 31, 2022	Year ended December 31, 2021
Profit before tax	**208,602,267**	**78,881,432**
Income tax calculated at 16%	33,376,362	12,621.029
Tax effects of the non-taxable expenses	1,661,147	5,237,110
Tax Effects of income that are exempt from taxation	(542,811)	(4,038,588)
Tax Effects of other elements	162,594	242,435
Tax credit	(4,909,376)	(1,585,681)
Current tax in respect of the current year	**29,747,916**	**12,476,305**

11. SEGMENT INFORMATION

The Group's core business is transportation of goods on the Danube and other complementary services related to the transportation of goods such as manipulation of goods, loading and unloading, storage.

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the type of activities - forwarding, river transport, operations services, and other services (repairs of the transportation fleet, distribution of different goods (timber, oil, lubricants), hydro-construction, bunker services.

11. SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

2022	**Total**	**Forwarding**	**River transport**	**Port Operations**	**Other**	**Intersegments**
Income	**934,409,848**	**731,058,099**	**472,824,238**	**108,359,555**	**64,064,392**	**(441,896,436)**
Merchandise sold	(32,523,946)	-	(770,625)	-	(31,789,575)	36,254
Raw materials and consumables	(123,825,466)	(568,413)	(105,819,460)	(11,991,530)	(5,479,074)	33,011
Depreciation and amortization	(72,940,789)	(2,807,994)	(52,816,761)	(15,083,877)	(2,232,157)	-
Packaging costs	(8,402)	-	(3,933)	(1,816)	(2,653)	-
Subcontractors' expenses	(331,178,765)	(619,293,365)	(110,517,841)	(17,037,778)	(9,763,854)	425,434,073
Payroll expenses	(124,214,100)	(13,790,900)	(76,459,808)	(25,808,904)	(8,154,488)	-
Electricity, heating, and water	(7,077,180)	(408,754)	(1,461,519)	(3,865,534)	(1,394,214)	52,841
Maintenance and repair expenses	(16,133,453)	(2,192,034)	(17,310,231)	(5,699,524)	(504,784)	9,573,120
Other administrative expenses	(21,911,806)	(4,699,542)	(11,415,055)	(8,480,725)	(3,098,478)	5,781,994
Other gains	53,515,954	26,391,595	23,994,096	3,149,588	6,862,955	(6,882,280)
Other loss	(47,715,826)	(19,733,120)	(20,105,044)	(3,713,239)	(9,467,044)	5,302,621
Total operating result	**210,396,069**	**93,955,572**	**100,138,057**	**19,826,216**	**(958,974)**	**(2,564,802)**
Net of financial investment (cost)/ income	1,026,111	-	-	-	-	-
Net of finance (cost)/ income	(2,819,913)	-	-	-	-	-
Profit for the year from continuing operations	**208,602,267**	**-**	**-**	**-**	**-**	**-**
Income tax expenses	(29,747,916)	-	-	-	-	-
Profit for the year	**178,854,351**	**-**	**-**	**-**	**-**	**-**

11. SEGMENT INFORMATION (continued)

Segment revenue and results

2021	Total	Forwarding	River transport	Port Operations	Other	Intersegments
Income	**598,812,025**	**418,519,372**	**315,914,917**	**89,515,050**	**74,839,043**	**(299,976,357)**
Merchandise sold	(44,074,060)	(384,342)	(1,637,722)	-	(42,126,306)	74,310
Raw materials and consumables	(79,679,908)	(192,800)	(68,708,573)	(8,648,170)	(2,571,699)	441,334
Depreciation and amortization	(61,586,646)	(2,865,850)	(42,167,095)	(13,837,840)	(2,715,861)	-
Packaging costs	(7,386)	-	(2,413)	(4,973)	-	-
Subcontractors' expenses	(208,671,374)	(367,027,718)	(101,669,544)	(14,860,551)	(8,472,799)	283,359,238
Payroll expenses	(98,489,703)	(10,275,635)	(58,694,519)	(19,904,103)	(9,615,646)	200
Electricity, heating, and water	(6,329,476)	(185,426)	(1,031,148)	(3,994,232)	(1,189,544)	70,874
Maintenance and repair expenses	(12,185,646)	(2,252,067)	(12,852,095)	(4,950,850)	(504,735)	8,374,101
Other administrative expenses	(23,417,816)	(7,081,020)	(10,668,112)	(8,139,267)	(2,854,504)	5,325,087
Other gains	43,064,534	11,680,367	29,338,078	1,292,442	2,530,928	(1,777,281)
Other loss	(27,531,905)	(10,215,710)	(16,088,410)	(867,711)	(4,305,450)	3,945,376
Total operating result	**79,902,639**	**29,719,171**	**31,733,364**	**15,599,795**	**3,013,427**	**(163,118)**
Net of financial investment (cost)/ income	895,209	-	-	-	-	-
Net of finance (cost)/ income	(1,916,416)	-	-	-	-	-
Profit for the year from continuing operations	**78,881,432**	**-**	**-**	**-**	**-**	**-**
Income tax expenses	(12,476,305)	-	-	-	-	-
Profit for the year	**66,405,127**	**-**	**-**	**-**	**-**	**-**

11. SEGMENT INFORMATION (continued)

Segment revenue and results

The Group's analysis of income and results from continued operations by reportable segments is presented below:

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

2022	**TOTAL**	**Forwarding**	**River transport**	**Port Operations**	**Others**	**Intersegments**
Total	**934,409,848**	**731,058,099**	**472,824,238**	**108,359,555**	**64,064,392**	**(441,896,436)**
Agricultural products	333,731,591	292,528,349	192,078,690	71,867,606	-	(222,743,054)
Chemical Products	60,609,309	53,721,483	35,427,218	17,165,714	-	(45,705,106)
Minerals	312,565,167	259,685,324	193,328,301	12,100,061	-	(152,548,519)
Other merchandise	34,901,582	-	34,901,582	-	-	-
Other services	192,602,199	125,122,943	17,088,447	7,226,174	64,064,392	(20,899,757)

2021	**TOTAL**	**Forwarding**	**River transport**	**Port Operations**	**Others**	**Intersegments**
Total	**598,812,025**	**418,519,372**	**315,914,917**	**89,515,050**	**74,839,043**	**(299,976,357)**
Agricultural products	172,204,757	138,762,287	73,451,168	58,595,051	-	(98,603,749)
Chemical Products	52,708,761	46,918,961	29,459,735	14,095,976	-	(37,765,911)
Minerals	226,577,950	185,352,350	175,366,822	11,287,183	-	(145,428,405)
Other merchandise	22,558,491	-	22,558,491	-	-	-
Other services	124,762,066	47,485,774	15,078,701	5,536,840	74,839,043	(18,178,292)

Other services for the other segment include mainly sales of goods, shipyards incomes, hydro-construction, bunker services.

11. SEGMENT INFORMATION (continued)

Segment assets and liabilities

Segment assets	December 31, 2022	December 31, 2021
Forwarding	200,739,362	72,130,701
River transport	555,218,145	489,188,416
Port operations	194,357,207	181,914,624
Others	46,208,022	45,781,753
Total segment assets	**996,522,736**	**789,015,494**
Unallocated assets		
Investment in the investee	8,483,345	7,958,508
Total assets	**1,005,006,081**	**796,974,002**

Segment liabilities	December 31, 2022	December 31, 2021
Forwarding	54,902,591	15,376,404
River transport	36,455,741	25,923,293
Port operations	9,115,150	6,911,420
Others	8,803,513	8,723,017
Total segment liabilities	**109,276,995**	**56,934,134**

Unallocated liabilities	December 31, 2022	December 31, 2021
Long-term borrowings	40,879,479	26,815,528
Deferred tax liabilities	9,299,504	9,386,295
Other non-current liabilities	321,638	-
Leasing	-	-
Short-term borrowings	26,829,020	41,309,533
Other current liabilities	-	-
Total liabilities	**186,606,636**	**134,445,490**

11. SEGMENT INFORMATION (continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, assets classified as held for sale and deferred tax assets;

- all liabilities are allocated to reportable segments other than borrowings, other financial liabilities, leasing liabilities and deferred taxes.

Other segment information

Depreciation and amortization	**2022**	**2021**
Forwarding	2,807,994	2,865,850
River transport	52,816,761	38,694,686
Port operations	15,083,877	13,685,641
Others	2,232,157	2,378,995
	72,940,789	**57,625,172**

Additions to non-current assets net of commissioned assets from WIP	**2022**	**2021**
Forwarding	3,781,208	486,363
River transport	87,749,184	67,941,007
Port operations	24,091,313	26,796,488
Others	5,201,679	2,019,829
	120,823,384	**97,243,687**

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment	Ships	Fixtures and furniture	Tangible assets in progress and advances for fixed assets	Total
COST							
Balance as of January 1, 2022	**10,382,067**	**188,970,767**	**171,213,715**	**379,762,354**	**4,053,484**	**40,513,001**	**794,895,388**
Increases	1,688,501	-	-	-	-	118,888,320	120,576,821
Transfers	1,817,311	665,503	15,161,838	86,785,311	301,042	(104,731,005)	-
Disposals	112,875	1,882,481	8,149,719	4,753,509	77,800	-	14,976,384
Balance as of December 31, 2022	**13,775,004**	**187,753,789**	**178,225,834**	**461,794,156**	**4,276,726**	**54,670,316**	**900,495,825**
ACCUMULATED DEPRECIATIONS							
Balance as of January 1, 2022	**168,916**	**54,075,494**	**105,996,383**	**-**	**2,790,257**	**-**	**163,031,052**
Depreciation and amortization	16,347	6,410,703	16,315,404	49,390,516	258,781	-	72,391,751
Disposals	-	420,075	5,143,779	106,998	51,990	-	5,722,842
Impairment	-	-	4,798,468	-	(1,400)	-	4,797,068
Balance as of December 31, 2022	**185,263**	**60,066,122**	**121,966,476**	**49,283,518**	**2,995,648**	**-**	**234,497,027**
NET BOOK VALUE							
As of December 31, 2021	**10,213,151**	**134,895,273**	**65,217,332**	**379,762,354**	**1,263,226**	**40,513,001**	**631,864,336**
As of December 31, 2022	**13,589,741**	**127,687,667**	**56,259,358**	**412,510,638**	**1,281,078**	**54,670,316**	**665,998,798**

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Plant and equipment	Ships	Fixtures and furniture	Tangible assets in progress and advances for fixed assets	Total
COST							
Balance as at January 1, 2021	**10,382,067**	**183,273,217**	**163,768,417**	**433,377,756**	**3,757,922**	**15,670,148**	**810,229,527**
Increases	-	5,826,716	9,770,280	55,988,112	456,261	95,975,837	168,017,206
Disposals	-	129,166	2,324,982	3,667,692	160,699	71,132,984	77,415,523
Revaluation impact reversal of depreciation	-	-	-	(119,885,770)	-	-	(119,885,770)
Net impact of revaluation	-	-	-	13,949,948	-	-	13,949,948
Balance as at December 31, 2021	**10,382,067**	**188,970,767**	**171,213,715**	**379,762,354**	**4,053,484**	**40,513,001**	**794,895,388**
ACCUMULATED DEPRECIATIONS							
Balance as at January 1, 2021	**156,337**	**44,730,617**	**91,917,258**	**87,254,702**	**2,475,417**	**-**	**226,534,332**
Depreciation and amortization	12,579	9,454,691	15,931,119	35,174,789	385,869	-	60,959,047
Disposals	-	109,814	1,555,622	211,839	71,028	-	1,948,303
Revaluation impact	-	-	-	(119,885,770)	-	-	(119,885,770)
Provision, reversal	-	-	296,372	2,331,882	-	-	2,628,254
Balance as of December 31, 2021	**168,916**	**54,075,494**	**105,996,383**	**-**	**2,790,258**	**-**	**163,031,052**
NET BOOK VALUE							
As of December 31, 2020	**10,225,730**	**138,542,599**	**71,851,158**	**346,123,055**	**1,282,505**	**15,670,148**	**583,695,195**
As of December 31, 2021	**10,213,151**	**134,895,273**	**65,217,332**	**379,762,354**	**1,263,226**	**40,513,001**	**631,864,336**

12. PROPERTY, PLANT AND EQUIPMENT (continued)

As of December 31, 2022, impairment adjustments were made, for equipment and installations in the amount of RON 4,798,468.

As of December 31, 2021, the plant and equipment class (ships category) was revalued by an ANEVAR member company, Elf Expert. The method used by the evaluator was the cost approach and market value approach. The impact of the revaluation methods used was an increase of RON 14,987,140 and a decrease of RON 1,037,192. Total accumulated depreciation reversed amounts RON 119,885,770.

For the amount of net book value of fixed assets pledged are in amount of RON 84,515,110 on December 31, 2022, please see note 22.

13. GOODWILL

COST	**Year ended December 31, 2022**	**Year ended December 31, 2021**
Balance at beginning of year	**3,846,603**	**3,846,603**
Combinations occurring during the year	-	-
Balance at end of year	**3,846,603**	**3,846,603**

As of December 31, 2015, the goodwill was recognized for 2 of the subsidiaries consolidated: Canopus Star SRL in amount of RON 364,260 and TTS Porturi Fluviale SRL in amount of RON 348,882. During 2016, the Group invested in Plimsoll KFT, by buying 51% of its shares. Plimsoll KFT owns 100% of Fluvius KFT. In 2019, the Group acquired 100% of the company Port of Fajsz kft , Ungaria, resulting in an amount of RON 903.082.

The Group reviewed as of December 31, 2022, for impairment the goodwill, and concluded that there is no need to adjust the amount booked based on management projections of cash flows for next periods. Out of total goodwill amount, 2.2 mil RON belong to forwarding segment and the difference port operation segment.

14. SHARE OF PROFIT OR LOSS FROM EQUITY-ACCOUNTED INVESTMENTS

Name of investment	Core business	Holding percentage 12/31/2022	Cost of the investment 12/31/2022	Post-acquisition change in the investor's share of net assets of the investee	Carrying amount of the investment 12/31/2022	Cost of the investment 12/31/2021	Post-acquisition change in the investor's share of net assets of the investee	Carrying amount of the investment 12/31/2021
		%	*RON*	*RON*	*RON*	*RON*	*RON*	*RON*
Transterminal-S S.R.L.	Railway transportation of goods	20%	147,339	5,189,428,	5,336,767	147,339	4,669,596	4,816,935
Navrom Port Service S.A.	River transportation of goods	49.97%	878,700	2,190,054	3,068,754	878,700	2,178,446	3,057,146
Alte investiții		-	77,825	-	77,825	84,427	-	84,427
TOTAL VALUE OF THE INVESTMENT IN THE ASSOCIATES					**8,483,345**			**7,958,508**

	Year ended December 31, 2022	Year ended December 31, 2021
Share of profit or loss for the period	**531,440**	**361,253**
Other adjustments	-	-
Total	**531,440**	**361,253**

15. OTHER LONG-TERM ASSETS

	Year ended December 31, 2022	Year ended December 31, 2021
Long term receivables	691,051	3,336,998
Total	**691,051**	**3,336,998**

16. INVENTORIES

	Year ended December 31, 2022	Year ended December 31, 2021
Consumables, net value	27,796,138	16,895,527
Small tools, net value	804,641	691,963
Goods	8,282,860	8,658,272
Services in progress, net value-	2,855,050	4,736,664
Total	**39,738,689**	**30,982,426**

The line consumables contain mainly fuel used by the ships and cranes in the transportation operations.

The services in progress line are related mainly to the construction in progress of ships.

17. TRADE AND OTHER RECEIVABLES

	Year ended December 31, 2022	Year ended December 31, 2021
Trade receivables	111,416,728	67,058,428
Allowance for doubtful receivables	(19,164,955)	(21,313,105)
Advances paid to suppliers of services	3,689,229	2,017,369
Total	**95,941,002**	**47,762,692**

Movement in the allowance for doubtful debts:

	Year ended December 31, 2022	Year ended December 31, 2021
Balance at the beginning of the year	**21,313,105**	**23,112,964**
Write off bad debts	(4,241,874)	(6,933,488)
Recovered/Constituted	2,093,724	5,133,629
Balance at the end of the year	**19,164,955**	**21,313,105**

In determining the recoverability of a trade receivable, the Group considers any change in the crediting quality of the loan up to the reporting date. The concentration of the recoverability risk of the receivable is limited due to the existence of a big number of non-affiliated clients. Thus, the management considers that no supplementary impairment adjustments are necessary for trade receivables to the ones already recognized in the current financial statements.

18. OTHER CURRENT ASSETS

	Year ended December 31, 2022	Year ended December 31, 2021
Amounts paid in advance	3,189,457	1,287,872
Sundry debtors	12,115,849	10,602,185
Allowance for sundry debtors	(8,183,172)	(8,322,392)
Taxes receivable from state budget (VAT)	16,921,814	4,468,575
Government grants	14,103,367	
Other current assets	4,522,117	2,615,698
Total	**42,669,432**	**10,651,938**

Sundry debtors represent sums paid for goods and services based on commercial contracts but not honoured at the terms stipulated, assigned customer receivables, and penalty interest. Next, the company submits all diligence for the recovery of these amounts.

Subsidies for investments refer to non-refundable funds related to investments made mainly by TTS (Transport Trade Services) S.A. for modernization of the Port Giurgiu infrastructure. There are no unfulfilled conditions or other contingencies attached to these grants, other than the fact that the Company must not relocate the activity outside the European Union, within 10 years from the moment of receiving the final payment.

Aging analysis details of trade receivables and other current assets is presented below:

Total Dec, 2022	Not due	0-30 days	30-90 days	91-180 days	181-365 days	over 365 days
165,958,561	93,912,187	37,818,263	6,331,722	548,262	443,314	26,904,813
(27,348,127)	-	-	-	-	(443,314)	(26,904,813)

Total Dec, 2021	Not due	0-30 days	30-90 days	91-180 days	181-365 days	over 365 days)
88,050,127	39,651,649	14,770,597	2,669,261	1,323,123	-	29,635,497
(29,635,497)	-	-	-	-	-	(29,635,497)

The average credit period on sales invoices is 45-60 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 100% for all receivables past 180 days past due because historical experience has indicated these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g., when the debtor has been placed under liquidation.

19. ISSUED CAPITAL

	Number of shares	Share capital
Balance on 31 December, 2020	**30,000,000**	**31,739,602**
No shares after reduction of the nominal value	-	-
Issue of shares	-	-
Balance on 31 December, 2021	**30,000,000**	**31,739,602**
No shares after reduction of the nominal value	-	-
Issue of shares	30,000,000	30,000,000
Balance on 31 December, 2022	**60,000,000**	**61,739,602**

On April 1, 2022, AGOA TTS approved the increase of the Company's share capital by the amount of RON 30,000,000, from RON 30,000,000 to RON 60,000,000 , without subscription and contribution, by incorporating in the share capital the amount of RON 30,000,000 from the benefits recorded as a carried forward result and the counterpart issue of several 30,000,000 shares with a nominal value of RON 1 each, as well as their free distribution to all shareholders, registered in the Shareholders' Register on the date of registration of the share capital increase, with the allotment rate of 1 new share for each share held.

As of 31 December 2022 the Company's shareholding structure is as follows:

Shareholding structure	No. of shares	Share
Mihailescu Alexandru Mircea	15,184,333	25.3072%
Other shareholders – juridical persons	25,268,292	42.1138%
Other shareholders – individuals' persons	19,547,375	32.5790%
Total	**60,000,000**	**100 %**

As at 31 December 2021 the Company's shareholding structure is as follows:

Shareholding structure	No. of shares	Share
Mihailescu Alexandru Mircea	7,578,150	25.2605%
Other shareholders – juridical persons	12,871,829	42.9061%
Other shareholders – individuals' persons	9,550,021	31.8334%
Total	**30,000,000**	**100%**

The inflated value of the share capital (resulting from hyperinflation in the past) on 31 December 2022 is RON 61,739,602 (2021: RON 31,739,602).

20. RESERVES

	Year ended December 31, 2022	Year ended December 31, 2021
Legal reserves	10,620,132	6,000,000
Revaluation reserves	72,685,797	75,977,017
Other reserves	203,650,615	157,904,512
Total	**286,956,544**	**239,881,529**

The main lines from reserves are related to the profits generated by the Group and from redemption of own shares that were transferred to reserves and can be used according to fiscal regulations (other reserves are available to distribution to shareholders, legal reserves are available only to cover retained losses). Legal reserves in amount of RON 10,620,132 are appropriated out of the statutory year-end profit of the parent company, in accordance with Law 31/1990 with subsequent modification, at the rate of 5%, until the total reserve reaches 20% of the historical paid-in share capital, according to the statutory regulations. The legal reserves are non-distributable but can be used to cover losses. Other reserves reflect certain voluntary and legal reserves setup within subsidiary companies. The purpose of this reserves may be updated in the future based on the action of the shareholders.

21. NON-CONTROLLING INTERESTS

	Year ended December 31, 2022	Year ended December 31, 2021
Balance on 1 January	**106,345,018**	**105,299,772**
Share of profit for the year	14,792,741	6,151,863
Increase/ (Decrease) of the Non-controlling interest - contribution	(4,521,138)	(5,106,617)
Balance on 31 December	**116,616,621**	**106,345,018**

	Proportion of ownership interests and voting rights held by non-controlling interest		Profit (loss) allocated to non-controlling interests for the year		Non-controlling interests	
Name of subsidiary	**2021**	**2022**	**2022**	**2021**	**2022**	**2021**
TTS Operator SRL	10.00%	10.00%	214,878	127,245	1,468,029	2,012,261
Canopus Star SRL	49.00%	49.00%	6,754,181	4,927,752	59,676,194	56,779,457
Navrom BAC SRL	8.3002%	8.27%	511,664	459,959	4,358,882	2,245,025
Navrom Shipyard SRL	7.8725%	7.8358%	47,403	(39,814)	1,713,127	(400,492)
CNFR Navrom SA	7.86%	7.8309%	6,108,049	1,639,551	40,748,813	35,507,654
Bunker Trade Logistic	7.8647%	7.8309%	5,274	4,530	44,153	39,046
Agrimol Trade SRL	0.0228%	0.0228%	(556)	752	(67,578)	259,078
Superquatro Grup SRL	7.8647%	7.8309%	(43,372)	(75,976)	850,186	(744,121)
TTS gmbh	25.00%	25.0000%	73,248	48,775	264,597	191,140
Plimsoll zrt	49.00%	49.0000%	765,592	103,559	4,940,911	6,868,116
Fluvius kft	49.00%	49.0000%	356,380	(780,725)	2,619,307	3,587,854
Navrom River SRL	-	-	-	(42,592)	-	-
Cernavoda Shipyard	-	-	-	(221,153)	-	-
Total			**14,792,741**	**6,151,863**	**116,616,621**	**106,345,018**

21 NON-CONTROLLING INTERESTS

Summarised financial information in respect of each of the Group’s subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Canopus STAR SRL		Compania de Navigatie Fluviala Navrom SA	
	2022	**2021**	**2022**	**2021**
Non-current assets	93,337,419	93,546,731	469,096,259	415,599,385
Current assets	31,150,050	25,877,551	108,827,696	61,227,370
Non-current liabilities	118,908	104,698	30,943,675	26,027
Current liabilities	2,856,194	2,958,595	44,102,137	52,254,768
Equity attributable to equity holders of the parent	61,836,173	59,581,532	462,129,330	389,038,306
Non controlling interest	59,676,194	56,779,457	40,748,813	35,507,654

	Canopus STAR SRL		Compania de Navigarie Fluviala Navrom SA	
	2022	**2021**	**2022**	**2021**
Revenue	43,017,548	36,830,975	427,847,730	277,684,951
Expenses	(29,099,280)	(26,674,482)	(341,980,223)	(259,901,233)
Profit (loss) for the year	13,918,268	10,156,493	85,867,507	17,783,718
Profit (loss) for the year				
Other comprehensive income attributable to owners of the Company	7,164,087	5,228,741	79,759,458	16,144,167
Other comprehensive income attributable to the non-controlling interests	6,754,181	4,927,752	6,108,049	1,639,551
Other comprehensive income for the year				
Total comprehensive income attributable to owners of the Company	7,164,087	5,228,741	79,759,458	16,144,167
Total comprehensive income attributable to the non-controlling interests	6,754,181	4,927,752	6,108,049	1,639,551
Dividends paid to non-controlling interests	4,296,222	4,296,222	-	348,531
Net cash inflow (outflow) from operating activities	17,751,242	16,789,694	113,272,887	59,256,783
Net cash inflow (outflow) from investing activities	(5,253,419)	(11,363,860)	(91,229,302)	(68,395,809)
Net cash inflow (outflow) from financing activities	(8,767,800)	(12,289,531)	(2,878,060)	5,577,673
Net cash inflow (outflow)	3,730,023	(6,863,697)	19,165,525	(3,561,353)

22. INTEREST-BEARING LOANS AND BORROWINGS

	Year ended December 31, 2022	Year ended December 31, 2021
Secured borrowings		
Short-term borrowings	14,217,538	25,471,290
Current part of long-term borrowings	12,611,482	15,838,243
Long-term borrowings		
Long-term borrowings	40,879,479	26,815,528
Total short- and long-term borrowings	**67,708,499**	**68,125,061**

Part of loans are secured by mortgage on the real estate property of CNFR Navrom SA – land located in Galati on Strada Portului nr. 23, lot 2-5, Galati County, mortgage on the receivable of CNFR Navrom SA, fidejussion issued by parent Company, against debtor Arcelor Mittal, mortgage on all the receivables, bank accounts, collateral account

Total net book value of the assets pledged amounts RON 84,515,110 and it is represented by ships in amount of RON 69,822,800, buildings in amount of RON 7,312,443, land in amount of RON 4,664,635 and equipment's in amount of RON 2,715,232.

Reconciliation of movements of liabilities to cash flows arising from financing activities.

	2022		2021	
	Borrowings	**Leases**	**Borrowings**	**Leases**
Balance on 1 January	**68,125,061**	**-**	**73,915,187**	**369,503**
Proceeds from loans and borrowings	24,387,996	-	19,936,070	-
Repayment of borrowings	(24,804,558)	-	(25,726,196)	-
Net variation of lease liabilities	-	88,610	-	(369,503)
Total changes from financing cash flows	**(416,562)**	**88,610**	**(5,790,125)**	**(369,503)**
Other changes				
Liability-related				
New leases	-	233,028	-	-
Balance on 31 December	**67,708,499**	**321,638**	**68,125,061**	**-**

22. INTEREST BEARING LOANS AND BORROWINGS (continued)

Amounts due to credit institutions (continued)

Subsidiary	Bank name	Loan type	Grant date	Currency	Due date	Balance as of December 31, 2021	Balance as of December 31, 2022	Short term December 31, 2022	Long term December 31, 2022
CNFR Navrom SA	Unicredit Bank S.A.	Investment	4/7/2021	EUR	07.04.2026	13,222,345	10,247,465	3,051,310	7,196,155
CNFR Navrom SA	Unicredit Bank S.A.	Operational	2/14/2008	EUR	1/31/2024	3,967,919	-	-	-
CNFR Navrom SA	Citibank Europe plc	Investment	12/14/2017	EUR	12/31/2022	6,771,084	-	-	-
CNFR Navrom SA	Citibank Europe plc	Investment	3/8/2022	EUR	2/25/2027	-	8,410,580	1,978,960	6,431,620
CNFR Navrom SA	Citibank Europe plc	Investment	5/12/2022	EUR	5/10/2027	-	22,263,300	4,947,400	17,315,900
CNFR Navrom SA	Citibank Europe plc	Investment	12/14/2017	EUR	1/31/2024	6,609,892	148	148	-
Navrom Bac SRL	Citibank Europe plc	Investment	12/2/2019	RON	12/1/2022	3,711,075	-	-	-
TTS Porturi Fluviale SRL	Citibank Europe plc	Investment	12/14/2017	EUR	5/31/2026	6,640,870	5,077,591	1,450,741	3,626,850
Agrimol Trade SRL	Citibank Europe plc	Investment	6/17/2016	EUR	6/16/2023	5,135,158	6,452,861	6,452,861	-
Fluvius kft	Citibank Europe plc	Investment	12/13/2019	EUR	10/31/2028	10,823,967	7,492,025	1,183,071	6,308,954
Fluvius kft	Citibank Europe plc	Investment	12/13/2019	EUR	2/28/2022	1,484,430	-	-	-
Fluvius kft	Citibank Europe plc	Operational	12/5/2019	EUR	12/5/2022	1,482,581	1,050,240	1,050,240	-
Navrom Shipyard SRL	Unicredit Bank S.A.	Operational	9/14/2009	EUR	1/31/2024	7,407,741	6,714,289	6,714,289	-
Superquatro S.R.L	Unicredit Bank S.A.	Operational	9/2/2021	EUR	9/2/2023	868,000	-	-	-
TOTAL						**68,125,061**	**67,708,499**	**26,829,020**	**40,879,479**

Interest rates for bank loans are based on EURIBOR 3months or six months plus margins that vary from 1.39% p.a to 2.75%.

23. TRADE AND OTHER PAYABLES

	Year ended December 31, 2022	Year ended December 31, 2021
Trade payables	42,210,772	23,881,151
Payables regarding invoices to receive	1,907,821	3,408,397
Advance payments from customers	1,152,373	2,611,569
Total	**45,270,965**	**29,901,117**

24. PROVISIONS

	Year ended December 31, 2022	Year ended December 31, 2021
Provisions for risks and charges	3,881,069	1,534,564
Total	**3,881,069**	**1,534,564**

As of December 31, 2022, the amount of RON 3,881,069 (2021: RON 1, 534,564) represents provision for unpaid holidays.

25. OTHER CURRENT LIABILITIES AND NON-CURRENT LIABILITIES

	Year ended December 31, 2022	Year ended December 31, 2021
Employees related payables	7,174,836	6,558,266
Social security payable	6,911,076	3,232,643
Income tax payable	10,985,777	1,878,337
Tax on salaries payable	1,241,565	765,519
Interest payable	109,905	52,080
Other non-commercial liabilities	6,149,093	6,841,688
Liabilities related to VAT	3,029,685	1,712,595
Sundry creditors	9,220,082	4,065,167
Total	**44,822,019**	**25,106,295**

Other non-commercial liabilities include RON 5,616,808 (2021: RON 6,321,178) subsidies for fixed assets.

The grant received is related to an investment made by Navrom Bac as a subsidy for an equipment. The grant was recognized as result of meeting the financing criteria. The liabilities in relation to subsidies for fixed assets are released to income (presented as other income in PL caption Other Gains and Losses of RON 187,526 (during the useful period of the assets acquired as the depreciation expense is recorded.

In the line of non-current liability in amount of RON 15,302,944 is the amount of RON 14,922,614 that relates to grant subsidy.

26. RELATED PARTY

The transactions between the Parent Company and its subsidiaries, entities affiliated to the Group were eliminated from consolidation. In 2022 and 2021, the Group had significant transactions with affiliated companies.

The nature of the related party relationships for those related parties with whom the Group entered transactions during the period ended 31 December 2022 or had outstanding balances on 31 December 2022 are detailed below.

Compensation of key management personnel

The remuneration of directors and other members of key management during 2022 and 2021 was as follows:

	December 31, 2022	**December 31, 2021**
Management and Board of directors' benefits	2,785,421	2,267,219
Total	**2,785,421**	**2,267,219**

The above amounts relate to short-term employees' benefits. The Group does not grant post-employment benefits, other long-term benefits, termination benefits and share-base payments in the current year.

27. FINANCIAL INSTRUMENTS

a) Capital management

The Group manages its capital to make sure that it can continue as a going concern also ensuring a maximization of the shareholders' wealth by optimizing the balance of liabilities and equity.

The Group is not subject to any externally imposed capital requirements.

The Group monitors the equity based on gearing. Gearings is calculated as long-term and short term borrowings divided to net worth.Net worth is calculated as "Equity and reserves" as reported in the statement of financial position.

Gearing as of December 31, 2022, and December 31, 2021, was the following:

	Year ended December 31, 2022	**Year ended December 31, 2021**
Borrowings	67,708,499	68,125,061
Less cash and bank balances	146,032,810	58,900,794
Net debt	(78,324,311)	9,224,267
Total equity and reserves	701,782,822	556,183,494
Gearing	**-11.16%**	**1.65%**

b) Foreign currency risk

The Group is exposed to fluctuations in the foreign exchange rates in the commercial and financing transactions. Foreign currency risk results from the recognized assets and liabilities, including borrowings, expressed in foreign currencies. Due to the high costs associated, the Group's policy is not to use derivatives to hedge this risk.

c) Interest rate risk management

The interest rate risk at fair value is the risk that the value of a financial instrument should fluctuate due to the variations in the market interest rates. Financial instruments are interest bearing at market rates and, as a result, it is considered that their fair values do not differ significantly from their book values.

27. FINANCIAL INSTRUMENTS (continued)

d) Credit risk management

The Group is exposed to a credit risk due to its trade receivables and other receivables. The Group has policies in place meant to ensure that the sales are made to the clients with proper payment history. The due date of the liabilities is carefully monitored and the amounts outstanding after the expiration of the due date are promptly pursued. Trade receivables (clients) are presented net of the adjustments for the impairment of doubtful receivables. The Group develops policies that limit the value of the credit exposure to any financial institution.

e) Liquidity risk management

A prudent liquidity risk management involves maintaining sufficient cash and credit lines available, a continuous monitoring of the estimated and actual cash flow and correlation of the due dates of the financial assets and liabilities. Due to the nature of its business, the Group intends to be flexible in respect of the financing options with the support of the majority shareholder.

f) Fair value of the financial instruments

The fair values of the financial assets and liabilities are determined as follows:

- the fair value of the financial assets and liabilities under standard terms and conditions and traded active and liquid and active market is determined by reference to the listed market rates;

- the fair value of other financial assets and liabilities (excluding derivatives) is determined in accordance with the generally accepted price models, based on the analysis of the discounted cash flows, using prices from observable current market transactions; and

- the fair value of the derivatives is calculated using the listed prices. Where such prices are not available, the analysis of the discounted cash flows is applied using the yield curve applicable to derivatives that do not include options and option evaluation models for the derivatives based on options.

The financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short and long-term borrowings, and other liabilities. The estimated fair values of these instruments approximate their book values. The book values represent the maximum exposure of the Company to the credit risk related to the existent receivables.

27. FINANCIAL INSTRUMENTS (continued)

The Company is exposed to currency exchange rate fluctuations in commercial and financing transactions. Currency risk arises from recognized trade assets and liabilities, including loans, expressed in value. Due to the high associated costs, the Company's policy is not to use derivative financial instruments to mitigate this risk.

The carrying amounts of the Group’s currencies expressed in monetary assets and liabilities as at the reporting date are the following:

2022	**EUR**	**USD**	**HUF**	**GBP**	**RON**	**31-Dec-22**
	1 EUR = 4.9474	**1 USD = 4,6346**	**100 HUF = 1,2354**	**1 GBP = 5,5878**	**1**	**Total**
	RON	*RON*	*RON*	*RON*	*RON*	*RON*
ASSETS						
Cash and cash equivalents	34,995,643	23,841,621	270,850	121	86,924,575	146,032,810
Receivables and other current assets	87,563,017	22,694,529	25,661,969	-	2,690,918	138,610,433
Other long-term receivables	-	-	-	-	691,051	691,051
LIABILITIES						
Trade payables and other payables	(63,101,385)	(6,915,399)	(5,407,806)	(1,255)	(14,667,139)	(90,092,984)
Short and long-term borrowings	(27,323,428)	(2,703)	-	-	(40,382,368)	(67,708,499)
Net balance sheet exposure	**32,133,847**	**39,618,048**	**20,525,013**	**(1,134)**	**35,257,037**	**127,532,811**

2021	**EUR**	**USD**	**HUF**	**GBP**	**RON**	**31-Dec-21**
	1 EUR = 4.9841	**1 USD = 4.3707**	**100 HUF = 1.3391**	**1 GBP = 5.8994**	**1**	**Total**
	RON	*RON*	*RON*	*RON*	*RON*	*RON*
ASSETS						
Cash and cash equivalents	11,730,537	3,617,165	817,573	1,520	42,733,999	58,900,794
Receivables and other current assets	16,597,722	11,442,314	2,491,321	-	27,883,273	58,414,630
Other long-term receivables	-	-	-	-	-	-
LIABILITIES						
Trade payables and other payables	(17,011,069)	(5,773,156)	(10,156,385)	-	(22,066,802)	(55,007,412)
Short and long-term borrowings	(38,170,705)	(5,135,158)	(148,541)	-	(24,670,657)	(68,125,061)
Net balance sheet exposure	**(26,853,515)**	**4,151,165**	**(6,996,032)**	**1,520**	**23,879,813**	**(5,817,049)**

27. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis

The Group is mainly exposed to the variations in the foreign exchange rates of EUR and USD against RON, The table below details the Group's sensitivity to a 10% increase or decrease of EUR / USD against RON, 10% is the sensitivity rate used when the internal reporting of the FX risk is made to the top management and represents the management's estimate regarding the reasonably possible changes in the FX rates, Sensitivity analysis includes only the remaining currency expressed in the monetary elements and adjust the translation at the end of the period for a 10% change in the FX rates, In the following table, a negative value indicates a decrease in profit when RON is impaired by 10% as against EUR / USD. A 10% increase of RON against EUR / USD would have an equal and contrary impact on profit and other equity and the balances below would be positive. The changes will be attributable to the exposures pertaining to the borrowings in EUR and USD at year-end.

The exchange rates as at December 31, 2022 and as at December 31, 2021 are:

	December 31, 2022	December 31, 2021
EUR	4.9474	4.9481
USD	4.6346	4.3707

	Year ended December 31, 2022	Year ended December 31, 2021
Profit or (loss)	9,227,578	(2,969,685)

The impact on the result according to each currency is the following:

Currency	Year ended December 31, 2022	Year ended December 31, 2021
EUR	3,213,385	(2,685,351)
USD	3,961,805	415,117
HUF	2,052,501	(699,603)
GBP	(113)	152
Total	**9,227,578**	**(2,969,685)**

27. FINANCIAL INSTRUMENTS (continued)

Tables regarding the liquidity risk and interest rate risk

The following tables detail the periods to the due dates of the financial liabilities of the Group.

2022	**Less than 1 year**	**1 – 2 years**	**2 - 5 years**	**Total**	**Carrying amount**
Not bearing interest					
Trade payables and other current payables	90,092,984	-	-	90,092,984	90,092,984
Receivables and other current assets	138,610,434	-	-	138,610,434	138,610,434
Other long-term receivables	-	691,051	-	691,051	691,051
Interest bearing instruments					
Long- and short-term borrowings	27,859,553	26,009,526	16,106,168	69,975,247	67,708,499
Cash and cash equivalents	146,032,810	-	-	146,032,810	146,032,810

2021	**Less than 1 year**	**1 – 2 years**	**2 - 5 years**	**Total**	**Carrying amount**
Not bearing interest					
Trade payables and other current payables	55,007,412	-	-	55,007,412	55,007,412
Receivables and other current assets	58,414,630	-	-	58,414,630	58,414,630
Other long-term receivables	-	3,336,998	-	3,336,998	3,336,998
Interest bearing instruments					
Long- and short-term borrowings	41,309,533	7,799,608	19,015,920	68,125,061	68,125,061
Cash and cash equivalents	58,900,794	-	-	58,900,794	58,900,794

27. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

December 31, 2022	**1% increase**	**1% decrease**
Long- and short-term borrowings	(699,752)	(699,752)
Financial liabilities interest sensitivity	**(699,752)**	**(699,752)**

December 31, 2021	**1% increase**	**1% decrease**
Long- and short-term borrowings	(681,251)	681,251
Financial liabilities interest sensitivity	**(681,251)**	**681,251**

28. CASH AND BANK ACCOUNTS

For the purposes of the cash flow statement, cash and cash equivalents include petty cash and bank accounts, Cash and cash equivalents at the end of the financial year, as presented in the cash flow statement can be reconciled with balance sheet elements as follows:

	Year ended December 31, 2022	**Year ended December 31, 2021**
Cash in banks	135,589,801	52,595,148
Petty cash	262,037	263,889
Cash equivalents	10,180,972	6,041,757
Total	**146,032,810**	**58,900,794**

29. COMMITMENTS AND CONTINGENCIES

Contingent liabilities

Taxation

Taxation system in Romania is still developing trying to consolidate and harmonize with the European legislation. In this respect, there still are various interpretations of the tax laws. In certain cases, tax authorities may treat differently certain aspects and calculate supplementary taxes and levies and related interests and penalties.

In 2022, the interest value is 0.02% for each day of delay; the delay penalties are 0.01% for each day of delay.

In Romania, the fiscal year stays open for verifications for 5 years. The management estimates that the tax liabilities included in these financial statements are adequate.

29. COMMITMENTS AND CONTINGENCIES (continued)

Contingent liabilities

Taxation

In accordance with the provisions issued by the Ministry of Public Finance, which regulate the tax regime of items of equity which have not been subject to income tax as at their accounting registration, due to their nature, should the Company change the destination of revaluation reserves (by covering losses or allocation to shareholders), it will incur additional income tax liabilities.

Environmental matters

Environmental regulations are developing in Romania, and the Company did not register any liabilities as of December 31, 2022 or December 31, 2021 for any estimated costs, including legal and consulting fees, site surveys, the design and implementation of recovery plans as regards the environment.

Transfer prices

The tax regulations in Romania regarding transfer pricing have been established in Romania starting with the year 2000. The current legal frame defines the concept of „market price" for transactions between related parties as well as the methods to establish transfer prices. As a result, it is possible that the fiscal authorities start detailed verifications of the transfer prices, to ensure that the fiscal result and/or the customs value of the imported goods are not affected by the prices used in transactions with related parties. The Company cannot assess the result of this verification, but the management considers that the Company does not have a significant exposure from this point of view, as there are documentations for the price transfers for the previous period, that will be further updated.

30. AUDIT FEES

The auditor of the Company is Deloitte Audit SRL.

The fee for the audit of the Group's consolidated financial statements as of 31 December 2022 prepared in accordance with the International Financial Reporting Standards adopted by the European Union and the audit of the individual financial statements as of 31 December 2022 prepared in accordance with the International Financial Reporting Standards adopted by the European Union Transport Trade Services) SA amounted to EUR 96,500, excluding VAT and other expenses.

The fee for other assurance services performed for the year 2022 was in the amount of EUR 7,400, excluding VAT.

31. SUBSEQUENT EVENTS

On February 17, 2023, the Board of Directors of TTS approved the mandate of the executive management to conclude a preliminary transaction agreement and negotiate the contractual conditions for the acquisition of a company registered in Romania with activity in the field of port operations, a company, that has operational capabilities complementary to the group activity, respectively: operational berths, quay cranes, railway lines, and fall into the port operation segment of the TTS group, contributing to the expansion of capacity and the diversification of the services provided by the group. Also, this company uses strategically positioned port land and has storage platforms, covered warehouses, and types of equipment that allow scaling the activity of TTS and its subsidiaries. According to the terms of the preliminary agreement, the price of the transaction is EUR 21.8 million, payable in a single instalment.

These consolidated financial statements have been approved by the Board of Directors, and authorized to be issued on March 27, 2023 by:

ȘTEFĂNUȚ PETRU	**FLORESCU NICOLETA,**
GENERAL DIRECTOR	FINANCIAL DIRECTOR

TTS 2022 (c)

Report of the Board of Directors on the consolidated financial statements of TTS (TRANSPORT TRADE SERVICES) SA for 2022

Annual report according to Annex 15, FSA Regulation no. 5/2018

based on consolidated financial statements drawn up in accordance with International Financial Reporting Standards as adopted by the European Union

For the financial year
2022

Report date
27.03.2023

Name of the company:
TTS (Transport Trade Services) S.A.

Headquarters:
Str. Vaselor, Nr. 27, Sector 2, București, România

Unique registration code
RO9089452

Registered business number
J40/296/1997

The regulated market on which the issued securities are traded:
Bucharest Stock Exchange – Main Market Premium category

SYMBOL	TTS
ISIN:	ROYCRRK66RD8
LEI code:	5493008M458S2MG7GP03

The subscribed and paid-up capital
RON 60.000.000

Contents

1. Presentation of TTS group

1.1. TTS (Transport Trade Services) S.A.

TTS (TRANSPORT TRADE SERVICES) S.A. ("The Company" or "TTS") was established in January 1997 and is organized according to Law no. 31/1990 as a joint-stock company with full private capital.

The company was admitted to trading on the regulated market administered by the Bucharest Stock Exchange in June 2021 – the first day of trading was June 14, 2021.

On 31.12.2022, the subscribed and paid-up capital was RON 60,000,000, divided into 60,000,000 registered, ordinary, indivisible, freely transferable shares, issued in dematerialized form and recorded in the account with a nominal value of RON 1. The shares are of equal value and give owners equal rights under the law.

The main object of activity falls on the NACE code 5229 – Other activities related to transport

The main activity of the Company is represented by the shipment of dry bulk goods on the Danube, namely agricultural products, mineral raw materials and raw materials and chemical products.

TTS offers integrated logistics services consisting of river transport services, port operation services and any other services specific to logistics chain management.

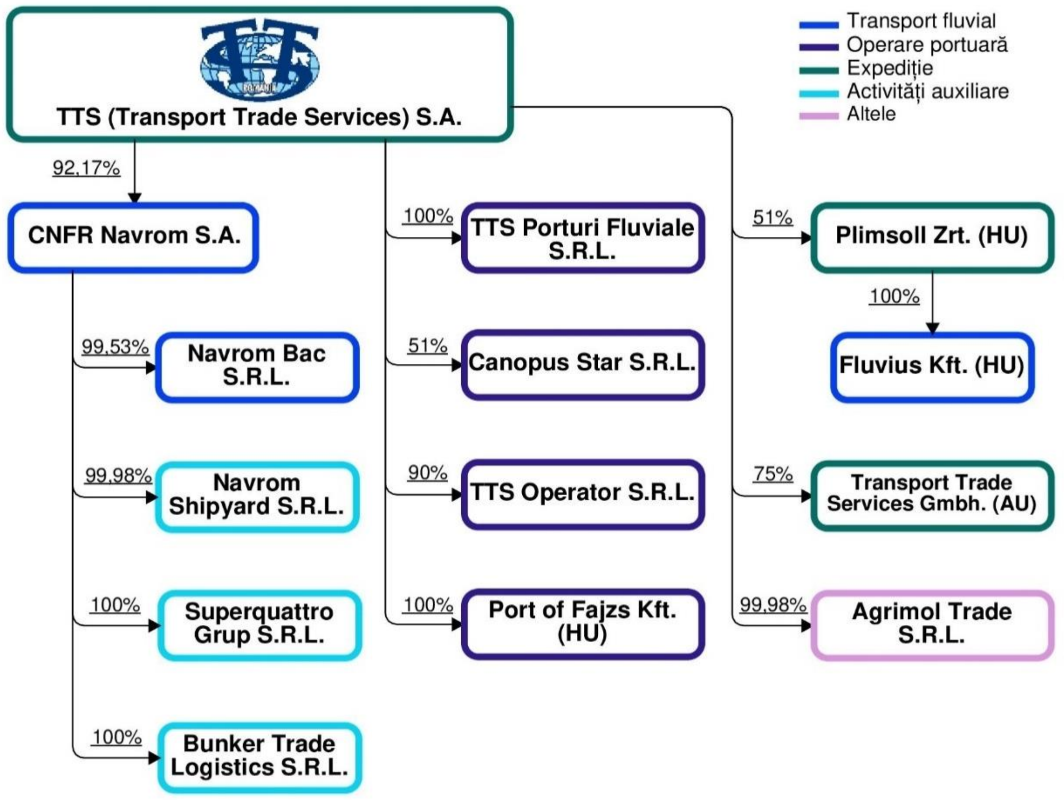
Transport and port operation services are subcontracted by TTS to its subsidiaries or to third parties.

Considering the specificity of the three types of goods operated, the Company is operationally organized in three departments:

1. Minerals – logistics operations for raw materials and finished products of metallurgical industries as well as for equipments.
2. Agri – logistics operations for agricultural goods, mainly cereals and oilseeds.
3. Chemicals – logistics operations for fertilizers and raw materials for fertilizer production.

1.2. TTS Group

The Transport Trade Services group of companies ("TTS Group" or "Group") is composed of 14 companies, respectively TTS (Transport Trade Services) S.A. ("TTS") and 13 companies in which TTS owns, directly or indirectly, more than 50% of the share capital. Ten companies in the Group operate on the Group's three main business segments – Shipping, River Transport and Port Operations.



The main commodities transported and operated in the ports by TTS group are mineral products (raw materials for the steel industry and rolled products), agricultural products (cereals, oilseeds and feed) and chemical products (phosphate rock and finished products of the chemical fertilizer industry).

TTS Group owns a river fleet with a capacity of 800 thousand tons, 8 floating cranes, as well as port terminals in Constanța and in 7 Danube river ports.

The group offers integrated logistics services, namely transport services (river, rail, road), transshipment (between transport units, from warehouses, silos, etc.), storage (warehouses, silos, warehouse-type river units, etc.) and any other services specific to logistics chain management.

The following companies are part of the TTS group:

Shipping Segment

TTS (Transport Trade Services) S.A. București
Headquarters: Str. Vaselor, Nr. 27, Sector 2, București, România
Registered business no.: J40/296/1997
Unique registration code: RO9089452
NACE code: 5229 - Other activities related to transport
Main activity: Cargo shipping

Plimsoll Zrt. Budapesta
Headquarters: str. Frangepan nr. 1139, Budapesta, Ungaria
Registered business no.: 01-10-049203
Unique registration code: 25871296
NACE code: 5229 - Other activities related to transport
Main activity: Shipment of goods by rail
Majority shareholder: TTS 51%

TTS (Transport Trade Services) GmbH. Viena
Headquarters: 15b Lerchengasse, Langerzersdorf Austria
Registered business no.: 22 274/2769
Unique registration code: 68895136
NACE code: 5229 - Other activities related to transport
Main activity: Cargo shipping
Majority associate: TTS 75%

River Transport Segment

CNFR NAVROM S.A. Galaţi
Headquarters: Municipiul Galați, str. Portului nr. 34. jud. Galați, România
Registered business no.: J17/44/1991
Unique registration code: RO1639097
NACE code: 5040 - Freight transport on inland waterways
Main activity: River transport of dry bulk goods (all categories)
Majority shareholder: TTS 92,16%

Navrom Bac S.R.L. Galaţi
Headquarters: Municipiul Galați, str. Faleza Dunării nr. 1. jud. Galați, România
Registered business no.: J17/595/1999
Unique registration code: RO12102950
NACE code: 5030 - Passenger transport on inland waterways
Main activity: Transport by ferry
Asociat majoritar: NAVROM 99,53%

Fluvius Kft. Budapesta
Headquarters: str. Frangepan nr. 1139, Budapesta, Ungaria
Registered business no.: 01-09-701582
Unique registration code: 12748622
NACE code: 5040 - Freight transport on inland waterways
Main activity: River transport of dry bulk goods (all categories)
Unique associate: PLIMSOLL

Port Operation Segment

Canopus Star S.R.L. Constanța

Headquarters: Municipiul Constanța, Incinta Port Str. Digul de Nord Km1+100, sediul administrativ P+2, jud. Constanța, România
Registered business no.: J13/1742/2001
Unique registration code: RO14204639
NACE code: 5224 – Goods handling
Main activity: Port operation of dry bulk cargo (agricultural products)
Majority associate: TTS 51%

TTS Operator S.R.L. Constanța

Headquarters: Incinta Port, Digul de Nord Km1+ 100, Clădirea Administrativă, parter, jud. Constanța, Constanța
Registered business no.: J13/5008/1994
Unique registration code: RO6919047
NACE code: 5224 – Goods handling
Main activity: Port operation of dry bulk cargo (agricultural products)
Majority associate: TTS 90%

TTS Porturi Fluviale S.R.L. Galați

Headquarters: str. Regiment 11 Siret, nr. 2-D, jud. Galați, Galați
Registered business no.: J17/1568/1996
Unique registration code: RO9000349
NACE code: 5224 - Goods handling
Main activity: Port operation of dry bulk cargo (agricultural products)
Unique Associate: TTS

Port of Fajsz Kft. Fajsz

Headquarters: lot nr 076/2, Fajsz, Ungaria
Registered business no.: 03-09-132896
Unique registration code: 13399434-2-13
NACE code: 5222 - Service activities related to water transport
Main activity: Port operation of liquid and dry bulk cargoes
Unique Associate: TTS

Auxiliary activities

Navrom Shipyard S.R.L. Galați

Headquarters: Municipiul Galați, Str. PORTULUI, Nr. 54, Județ Galați, România
Registered business no.: J17/507/1999
Unique registration code: RO12028030
NACE code: 3315 - Repair and maintenance of ships and boats

Main activity: Ship repair and maintenance (shipyard)
Majority associate: NAVROM 99,99%

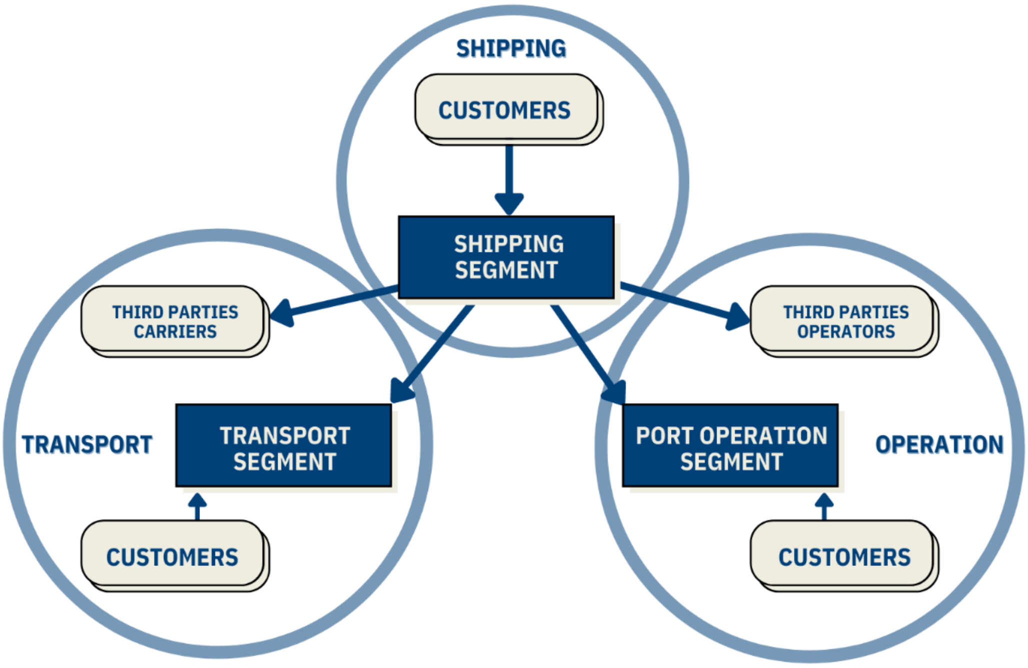
SUPERQUATRO GRUP S.R.L. Galaţi
Headquarters: Municipiul Galați, Str. PORTULUI, Nr. 20, tronson 1, clădire NAVLOMAR, parter, cam. 3, 4, 5, 6, Județ Galați, România
Registered business no.: J17/337/2001
Unique registration code: RO13924879
NACE code: 4291 - Hydrotechnical constructions
Main activity: Constructions for the maintenance of waterways and sea and river ports, dredging and ship displacements
Unique Associate: NAVROM

Bunker Trade Logistics S.R.L.
Headquarters: Municipiul Constanța, INCINTA PORT, Digul de Nord km 1+100, Sediul Administrativ, parter, camera P04, Județ Constanța, România
Registered business no.: J13/1816/2013
Unique registration code: RO32116993
NACE code: 5222 - Service activities related to water transport
Main activity: Services related to the bunkering and fueling services of ships provided by OMV
Unique Associate: NAVROM

Others (non-core business)

AGRIMOL TRADE S.R.L. Bucureşti
Headquarters: str. Vaselor nr. 34. București
Registered business no.: J40/5512/2010
Unique registration code: RO26997260
NACE code: 4619 - Intermediaries in trade with various products
Main activity: Trade in Romanian wooden products, lumber, plywood, barrels, houses.
Majority associate: TTS 99,98%

The business model of TTS involves employing, mainly, its own fleet (Navrom S.A., Fluvius Kft.) and its own port operators (TTS Porturi Fluviale S.R.L., TTS Operator S.R.L., CANOPUS Star S.R.L., Port of Fajsz Kft.), in parallel with the contracting by the Shipping Segment of transport or operation services with third parties.



At the same time, the companies in the Group active in the river transport and port operation markets, provide services directly to their own customers, in parallel with the execution of the orders received from the shipping companies in the Group.

2. Key aspects related to 2022

The turnover of the TTS group in 2022 was higher by 56.0% compared to 2021, reaching RON 934.4 million.

Profitability has also increased, as the key indicators increased significantly. Thus, the operating result reached RON 211.0 million (+164% compared to the value recorded in 2021), EBITDA[1] was RON 284.0 million (+100.7% compared to the value recorded in 2021), while the net profit was RON 175.7 million (+164.9% compared to the value recorded in 2021).

TTS Group (consolidated) – Statement of profit and loss – 2022, 12 months

(RON mln.)	2022, 12 months	2021, 12 months	Δ 2022/2021
Turnover	934.4	598.8	56,0%
Operating result	210.4	79.9	163,3%
Net profit	178.9	66.3	169,3%
EBITDA	283.3	141.5	100,7%

As a result, the total value of the TTS Group's assets exceeded RON 1 billion, respective RON 1 005.0 million (+26.1% compared with the level recorded on December 31, 2021). The low level of debts,

[1] EBITDA = Operating result + Amortisation and depreciation

namely RON 186.6 million (+38.8% compared to the level recorded in 31.12.2021), led to a **net asset of RON 818.4 million, up by 23.5%** compared to the level recorded in 31.12.2021.

TTS Group (consolidated) – Statement of financial position – 31.12.2022

(RON mln.)	31.12.2022	31.12.2021	Δ 2022/2021
Total assets	1.005,0	797,0	↑ 26,1%
Total liabilities[2], from which	186,6	134,4	↑ 38,8%
Loans	68,0	68,1	↓ 0,1%
Net assets	818,4	662,5	↑ 23,5%

The main factor underlying the exceptional results achieved by TTS in 2022 **was the opening of new logistics routes organized for the operation of high-value-added flows**, which replaced a number of low-value-added mineral commodity flows temporarily off the market. These logistics routes were opened in the lower Danube area, where the water level is more stable and deeper, allowing the operation of convoys loaded to capacity, which led to lower costs per ton*km compared to the costs recorded in the case of operated convoys on routes to the upper Danube area.

After a difficult first quarter, marked by the disruption of contracted cargo flows and cost increases, caused by explosive price increases – direct and indirect effects of the war in Ukraine, and suboptimal navigation conditions – large barges in convoys on routes to the area The Upper Danube could be used at full capacity only 35% of the time, and the smaller ones only 70% of the time, in the second quarter the effects of the war in Ukraine on the market for river transport services on the Danube and on the market for port operation services in Constanța manifested themselves in full. We witnessed, on the one hand, the massive increase in the flows of agricultural products, fueled by Ukrainian grain exports, and on the other hand, the reduction to the complete exit from the market of some flows of mineral raw materials (bauxite and raw materials for the steel industry) and to the disappearance of some flows of chemical fertilizers, as an effect of the economic sanctions applied to Russia.

The consequence of the reconfiguration of the flows of goods transported on the Danube and those operated in the port of Constanța was the massive increase in the demand for services on these markets, which, in the conditions of a service offer limited by the available physical transport and operating capacities, led to a general increase in market rates.

Thanks to the operational flexibility of its business model, **TTS group was able to respond quickly to new market conditions. Thus, the dismissed fleet was reallocated to the new logistics chains, and two buoy terminals were operationalized in the inner lane of the port of Constanța.**

Both measures allowed the group to benefit from favorable market conditions, characterized by a **general increase in transport and port operating rates**, increases which have been evident since the first part of the year and which have stabilized and consolidated in the second semester of 2022.

[2] Total liabilities include the amount of Subsidies for investments (related to the Giurgiu port modernization project) and the value of Deferred revenues, the difference representing trade and other payables generated by the strong increase in turnover.

3. Prospects on TTS Group's activity in 2023

Our expectations regarding the markets for which TTS is a logistics service provider are moderately optimistic:

1. The metallurgical industry, especially the ferrous metals industry, continues to show signs of growth compared to 2022, both in Romania and globally, leading to an expectation of an increase in the volume of raw materials and finished products that require logistics services;
2. Despite the drought conditions that affected the Danube basin in 2022, and which may also affect the year 2023, as well as the unfavorable market conditions, the stocks of agricultural products existing in Romania, as well as in the current estimates for the grain harvest in summer allow the estimation of a volume of agricultural goods transported and operated in ports higher than 2022. To these volumes will be added the volumes of grain from Ukraine, transported on the Danube and operated in Constanța, which maintain their levels recorded in 2022;
3. The fertilizer market is still affected by high prices, but the signals of transport volume and business volume are gratifying, especially for goods transited through Constanța to Serbia and Ukraine.

In line with these developments, as was publicly announced, TTS concluded for the year 2023 two contracts for the supply of integrated logistics services (shipping, river transport and port operation) with a total estimated value of 300 million lei.

With the inflation still rising and high prices for fuels, raw materials and energy are the main factors that can negatively influence operational and repair costs as well as asset maintenance costs.

These factors may affect the level of profitability of TTS in the conditions where these costs cannot be fully recovered from the prices obtained for the services or through specific measures of efficient allocation of resources.

It should be noted that the activity, both in terms of the volume of goods transported and operated in the ports, as well as in terms of economic efficiency, can be negatively affected by weather conditions, especially with influence on the Danube water level, by the drought that can affect agricultural crops, but also by the situation regional and world geopolitics, which may influence the performance of regional economies and the commodity flows that TTS serves.

At the same time, the Company, through the services and economic relations it has at its disposal, constantly analyzes with its own methods all the natural changes that occur along the Danube basin in order to find the best solutions to cushion the impact of these events.

On the other hand, the financial results of 2022 allow TTS to grant a dividend of 33 million lei, representing 40.6% of the net distributable profit, simultaneously with the **acceleration in 2023 of the pace of investments** in new capacities or in the modernization of existing capacities, both at the level of the fleet, as well as, above all, **at the level of port operation capacities**.

In parallel with the investment in the modernization of Giurgiu port - a project co-financed by European funds and which was started in 2022, the **main investment** planned for 2023 is the **purchase of a port terminal**. In recent years, the target company has registered a **continuous increase in turnover, which allowed the start, in 2022, of some significant investments** that will be put into operation in 2023.

The acquisition process will be completed after the issuance by the Competition Council of of a no-objection decision and after the approval of the transaction by EGSM TTS, the expected deadline for the completion of the transaction being June 30, 2023.

4. Financials

4.1. Consolidated statement of profit and loss and other comprehensive income

– ron –

	December 31, 2022	December 31, 2021
Revenue	934.409.848	598.812.025
Raw materials and consumables	(123.833.868)	(79.687.294)
Cost of merchandise sold	(32.523.946)	(44.074.060)
Subcontractor's expenses	(331.178.765)	(208.671.374)
Payroll expenses	(124.214.100)	(98.489.703)
Other expenses	(45.122.439)	(41.932.938)
Depreciation and amortization	(72.940.789)	(61.586.646)
Other gains and losses	5.800.128	15.532.629
Total operating result	**210.396.069**	**79.902.639**
Net financial investment (cost)/ income	1.026.111	895.209
Net finance (cost)/ income	(2.819.913)	(1.916.416)
Profit for the year from continued operations	**208.602.267**	**78.881.432**
Income tax expenses	(29.747.916)	(12.476.305)
Profit for the year attributable to	**178.854.351**	**66.405.127**
Items that will not be reclassified subsequently to profit or loss		
Translation adjustments		
Gains/(losses) on property revaluation	(711.470)	131.749
Income tax relating to items that will not be reclassified subsequently to profit or loss		
Total comprehensive income for the year	-	13.949.948
Profit for the year attributable to:	-	(1.867.091)
Shareholders of the Company		
Non-controlling interests	**178.142.881**	**78.619.733**
Total comprehensive income for the year attributable to:	164.061.609	60.253.264
Shareholders of the Company	14.792.741	6.151.863
Non-controlling interests		
No of shares	163.350.139	72.467.870
Earnings per share	14.792.741	6.151.863
Revenue		
Raw materials and consumables	60.000.000	30.000.000
Cost of merchandise sold	**2.96**	**2.62**

In 2022, compared to 2021, the value of the operating result increased by 163.3% (RON 130.5 million) as a result of the increase in revenues by 56% (RON 335.6 million).

The profit for the year registered an increase of 169.3% (RON 112.4 million). The profit attributable to the shareholders of the company is RON 164.1 million, 172.3% higher than in 2021.

4.2. Consolidated statement of the financial position

		-ron -
	December 31, 2022	**December 31, 2021**
ASSETS		
Non-current assets		
Property, plant, and equipment	665.998.798	631.864.336
Goodwill	3.846.603	3.846.603
Intangible assets	1.375.410	1.669.707
Right-of-use assets	228.941	-
Investments in associates	8.483.345	7.958.508
Other long-term assets	691.051	3.336.998
Total non-current assets	**680.624.148**	**648.676.152**
Current assets		
Inventories	39.738.689	30.982.426
Trade receivables and other receivables	95.941.002	47.762.692
Other current assets	42.669.432	10.651.938
Cash and cash equivalents	146.032.810	58.900.794
Total current assets	-	-
Total assets	**324.381.933**	**148.297.850**
Current assets	**1.005.006.081**	**796.974.002**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	61.739.602	31.739.602
Reserves	286.956.544	239.881.529
Retained earnings	353.086.676	284.562.363
Equity attributable to the shareholders of the parent company	**701.782.822**	**556.183.494**
Non-controlling interests	**116.616.621**	**106.345.018**
Non-current liabilities		
Interest-bearing loans	40.879.479	26.815.528
Deferred tax liabilities	9.299.504	9.386.295
Long-term leases	263.832	-
Other long-term liabilities	15.302.944	392.158
Total non-current liabilities	**65.745.759**	**36.593.981**
Current liabilities		
Trade and other payables	45.270.965	29.901.117
Current portion of the leasing	57.806	-
Interest bearing loans and borrowings	26.829.020	41.309.533
Provisions for risks and charges	3.881.069	1.534.564
Other current liabilities	44.822.019	25.106.295
Total current liabilities	**120.860.879**	**97.851.509**
Total liabilities	**186.606.638**	**134.445.490**
Total equity and liabilities	**1.005.006.081**	**796.974.002**

Non-Current assets

Non-current assets increased by 4.9% to RON 680.6 million in 2022, mainly due to the increase of property, plant and equipment from RON 631.9 million in 2021 to RON 665.9 million in 2022, as a result of the continuity of investments in the modernization of ships, of TTS investments in Giurgiu port, of those made by TTS Fluvial Ports in Galati and Braila ports, as well as the investment in the grain terminal in Constanta Port.

Current assets

In 2022, current assets increased by 118.7% compared to December 31, 2021, following the collection of trade receivables, cash and cash equivalents increasing by 147.9% (RON 87.3 million ron). Trade receivables and other receivables grew in line with economic activity.

The “Other current assets” category includes a subsidy of RON 14.4 million, representing a European financing for the modernization of Giurgiu Port infrastructure.

Long-term debts

Long-term debts, especially long-term loans, recorded a total increase of 52.4% in 2022, by RON 14.06 million, net amount, TTS (Transport Trade Services) S.A. being the guarantor for two Investment credit agreements of CNFR Navrom S.A. contracted in 2022. On December 31, 2022, all loans were drawn in full.

The "Other long-term debts" category includes a subsidy of RON 14.4 million, representing European financing for the modernization of the Giurgiu port infrastructure. The subsidy will be transferred to other incomes after the completion of the investment and during the lifetime of the resulting assets.

Current liabilities

As of December 31, 2022, current liabilities increased by 51.4%, in line with economic activity.

Equity

As of December 31, 2022, the share capital was RON 60,000,000 divided into 60,000,000 shares with a nominal value of 1 RON. The inflated value of the share capital, according to the IFRS restatement, is RON 61,739,602. All issued shares are paid in full.

On April 1, 2022, AGOA TTS approved the increase of the Company's share capital by the amount of RON 30,000,000, from RON 30,000,000 to RON 60,000,000, without subscription and contribution, by incorporating in the share capital the amount of RON 30,000,000 from the benefits recorded as a carried forward result and the counterpart issue of several 30,000,000 shares with a nominal value of RON 1 each, as well as their free distribution to all shareholders, registered in the Shareholders' Register on the date

During April 2022, dividends amounting to RON 17,850,000, respectively RON 0.2975 per share, were distributed.

The total increase of profit before tax was of 164.5 % or RON 129.7 million, and the operating profit before changes in working capital increases by 115.7% or RON 158,7 million.

4.3. Consolidated statement of cash flows

-ron-

	December 31, 2022	December 31, 2021
Cash flows from operating activities:		
Profit before tax	**208.602.266**	**78.881.432**
Adjustments for non-monetary items:		
Depreciation, amortization, and impairment	72.940.789	61.586.645
Net increase/(Decrease) in provision for fixed assets	4.797.068	(2.628.254)
Net interest expense	1.809.643	1.281.689
(Gain)/ Loss from disposals of fixed assets	2.479.336	(1.592.495)
Decrease in provision for current assets	(877.296)	(3.574.981)
Written off receivables	4.241.874	6.996.084
Net increase / (Decrease) in provision	2.346.505	(3.474.121)
Increase in shares as result of share of profit of associates	(524.837)	(361.715)
Exchange rates differences	-	-
Operating profit before working capital changes	**295.815.349**	**137.114.284**
Changes in operating assets and liabilities:		
(Increase) / Decrease in trade and other receivables	(60.704.687)	11.228.922
Decrease / (Increase) in inventories	(10.166.337)	(8.664.148)
Increase / (Decrease) in trade and other payables	18.450.957	(4.716.552)
Cash generated from operations	**243.395.282**	**134.962.507**
Interest paid	(3.114.745)	(1.493.689)
Income tax paid	(15.516.336)	(11.390.369)
Net cash flow generated from operations	**224.764.201**	**122.078.449**
Investment activities:		
Purchases of tangible and intangible assets	(120.823.384)	(97.242.932)
Payments related to investments	(75.725)	(228.846)
Income from sale of fixed assets	4.485.995	5.925.972
Interest cashed in	1.305.103	212.000
Dividends paid to non-controlling interests	(4.346.222)	(4.644.753)
Cash flows used in investing activities	**(119.454.233)**	**(95.978.557)**
Financing activities:		
Dividends paid	(17.850.000)	(16.200.000)
Loan withdrawal	24.387.996	19.936.070
Loan reimbursement	(24.804.558)	(25.726.196)
Other long-term debts receipts/ (payments)	88.610	(369.503)
Cash flows generated by financing activities	**(18.177.952)**	**(22.359.628)**
Net increase in cash and cash equivalents	87.132.016	3.740.264
Cash and cash equivalents at the beginning of the year	**58.900.794**	**55.160.530**
Cash and cash equivalents at the end of the year	**146.032.810**	**58.900.794**

The total increase in the profit before tax was of 164.5% or RON 129.7 million, and the operating profit before changes in working capital increases by 115.7% or RON 158.7 million.

Net cash from operating activities recorded an increase from RON 122.4 million in 2021 to RON 224.8 million, respectively 84.1%. This increase is due to operating activity, which registered an increase of 56% in 2022, compared to the same period of the previous year.

Net cash flows from investment activities increased from RON (96) million in 2021 to RON (119.5) million in 2022, because of the increase of RON 23.6 million in purchases of tangible and intangible assets and dividend payments to minorities, compensated with proceeds from the sale of assets.

Net cash flows from financing activities decreased from RON (22.4) million in 2021 to RON (18.2) million, respectively by 4.2 million ron, as a result of contracting new loans by affiliates.

4.4. Consolidated statement of changes in equity

- ron-

	Share capital	Legal reserves	Other reserves	Other reserves	Retained earnings	Translation differences	Attributable to shareholders of the parent company	Non-controlling interests	Total
Balance at 1 January 2022	**31,739,602**	**6,000,000**	**158,117,340**	**75,977,017**	**284,562,363**	**(212,829)**	**556,183,494**	**106,345,018**	**662,528,512**
Profit for the year	-	-	-	-	164,061,610	-	164,061,610	14,792,741	178,854,350
Translation adjustments	-	-	-	-	-	(711,470)	(711,470)	-	(711,470)
Total comprehensive income	**-**	**-**	**-**	**-**	**164,410,610**	**(711,470)**	**163,350,140**	**14,792,741**	**178,142,881**
Transfers between reserves	-	4,620,132	46,457,574	-	(51,077,706)	-	-	-	-
Revaluation reserves	-	-	-	(3,291,220)	3,291,220	-	-	-	-
Share capital issued	30,000,000	-	-	-	(30,000,000)	-	-	-	-
Dividends distributed	-	-	-	-	(17,850,000)	-	(17,850,000)	-	(17,850,000)
Increase in percentage held in subsidiaries	-	-	-	-	99,190	-	99,190	(174,915)	(75,725)
Dividends distributed to minority interest	-	-	-	-	-	-	-	(4,346,222)	(4,346,222)
Balance at December 31, 2022	**61,739,602**	**6,000,000**	**204,574,914**	**72,685,797**	**353,086,676**	**(924,299)**	**701,782,822**	**116,616,621**	**818,399,443**

According to the OGSM dated April 1, 2022, the increase of the share capital by the amount of RON 30,000,000 was approved by the partial incorporation of the undistributed profit from previous years (reported result), with the issue of new shares in return and their free distribution to shareholders at a rate, allocation of 1 newly issued share for each share held.

As of December 31, 2022, the share capital was RON 60,000,000 lei divided into 60,000,000 shares with a nominal value of 1 RON. All issued shares are paid in full.

During April 2022, dividends of RON 17,850,000, respectively RON 0.29 per share were distributed.

4.5. The main efficiency ratios of TTS group in 2022

			Year ended 31.dec 2022	Year ended 31.dec 2021
1.	**Liquidity ratios**			
	a) Current liquidity ratio		2,7	1,5
		Current assets	324.381.933	148.297.850
		Current liabilities	120.860.879	97.851.509
	a) Quick ratio/ acid test		2,4	1,2
		Current assets - Inventories	284.643.244	117.315.424
		Current liabilities	120.860.879	97.851.509
2.	**I Risk ratios**			
	a.1) Leverage ratio (%)		8,3%	10,3%
		Borrowed capital	68.030.137	68.125.061
		Equity	818.399.443	662.528.512
	or			
	a.2) Leverage ratio (%)		7,7%	9,3%
		Borrowed capital	68.030.137	68.125.061
		(Borrowed capital+Equity)	886.429.580	730.653.573
	b) Interest coverage indicator		68,0	53,8
		Profit before interest payment and income tax	211.717.012	80.375.121
		Interest expense	3.114.745	1.493.689
3.	**Activity ratios**			
	a) Trade receivables Turnover ratio (days)		28,07	31,22
		Average trade receivables balance	71.851.847	51.218.719
		Turnover	934.409.848	598.812.025
	b) Trade payables Turnover ratio (days)		25,88	28,88
		Average trade payables balance	37.586.041	29.402.401
		Purchases of goods and services	530.009.410	371.644.475
	c) Non-current assets Turnover ratio		1,37	0,92
		Turnover	934.409.848	598.812.025
		Non-current assets	680.624.118	648.676.152
	d) Total assets Turnover ratio		0,93	0,75
		Turnover	934.409.848	598.812.025
		Total assets	1.005.006.081	796.974.002
4.	**Profitability ratios**			
	a) Return on equity		23,9%	11,0%
		Profit before interest payment and income tax	211.717.012	80.375.121
		Equity	886.429.580	730.653.573

5. Operational aspects

5.1. Group activity in 2022

The physical indicators achieved by TTS group in 2022 are as follows:

Operations[3] – 12 months 2022

(mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
River transport	7,94	9,78	-18,8%
Port operations	6,28	5,77	8,8%
Total	14,22	15,55	-8,6%

Goods – 12 months 2022

(mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
Agricultural products	5,14	4,65	10,5%
Minerals	6,99	8,61	-18,8%
Chemical products	1,73	1,85	-6,5%
Others	0,36	0,44	-18,2%
Total	14,22	15,55	-8,6%

The decreases in volume were mainly caused by the disappearance of the market demand for transportation services for important flows of Minerals (bauxite and raw materials for the steel industry), totaling 1.25 million tons - as a direct or indirect effect of the war in Ukraine , as well as a reduction in the flows transported upstream from Romania - as an effect in the case of severe droughts in the summer of 2022.

River transport – 12 months 2022

(mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
Agricultural products	2,12	1,86	14,0%
Minerals	4,85	6,77	-28,4%
Chemical products	0,61	0,71	-14,1%
Others	0,36	0,44	-18,2%
Total	7,94	9,78	-18,8%

The operating activity registered increases, mainly due to the massive flows of goods of Ukrainian origin that transited the port of Constanța, but also due to increases in the volume of flows contracted directly by the Port Operations Segment.

[3] For reasons of internal organization of the group, the external subsidiaries of TTS (Transport Trade Services) GmbH are not included. Vienna, PLIMSOLL Zrt. Budapest, Fluvius Kft. Budapest and Port of Fajsz Kft. Fajsz

Port operations – 12 months 2022

(mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
Agricultural products	3,02	2,79	8,2%
Minerals	2,14	1,85	15,7%
Chemical products	1,12	1,14	-1,8%
Total	**6,28**	**5,77**	**8,8%**

From the point of view of the structure of the contracts, in response to market conditions, the volumes subcontracted with third parties simultaneously increased and the volumes contracted directly by the Port Operations Segment, decreases being recorded in the volumes subcontracted in the group and in the volumes contracted by the River Transport Segment

Structure of river transport contracts – 12 months 2022

(cargo volume - mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
Contracts concluded by the Shipping Segment[4] with third parties	0,38	0,34	11,8%
Direct contracts of the River Transport Segment[5]	2,32	2,65	-12,5%
Contracts concluded by the Shipping Segment with the River Transport Segment (intra-group)	5,24	6,79	-22,8%

Structure of port operations contracts – 12 months 2022

(cargo volume - mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
Contracts concluded by the Shipping Segment with third parties	1,46	1,10	32,7%
Direct contracts of the Port Operations Segment[6]	1,97	1,64	20,1%
Contracts concluded by the Shipping Segment with the Port Operations Segment (intra-group)	2,85	3,02	-5,6%

[4] The Shipping segment does not include the external subsidiaries with TTS (Transport Trade Services) GmbH activity. Vienna and PLIMSOLL Zrt. Budapest

[5] Due to reasons of internal organization of the group, the River Transport Segment does not include the Fluvius Kft. Budapest subsidiary

[6] For reasons of internal organization of the group, the Port Operations Segment does not include the subsidiary Port of Fajsz Kft. Fajsz

5.2. Shipping Segment

The volumes reflected the two developments in the market: the appearance of new flows – grain export to Ukraine and the temporary disappearance of some Minerals flows, both consequences of the war in Ukraine

Shipping Segment – Goods transported by river – 12 months 2022

(mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
Agricultural products	2,08	1,83	13,7%
Minerals	2,94	4,60	-36,1%
Chemical products	0,60	0,71	-15,5%
Total	5.62	7,14	-21,3%

Shipping Segment – Goods operated in ports – 12 months 2022

(mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
Agricultural products	1,78	1,72	3,5%
Minerals	1,62	1,55	4,5%
Chemical products	0,92	0,86	6,0%
Total	4,32	4,13	4,6%

5.3. River Transport Segment

The River Transport segment recorded volume decreases across the entire line, with the exception of agricultural products – effect of Ukraine export grain flows.

River Transport Segment - Volumes - 12 months 2022

(mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
Agricultural products	1,94	1,64	18,3%
Minerals	4,65	6,71	-30,7%
Chemical products	0,61	0,66	-7,6%
Others	0,36	0,44	-18,2%
Total	7.56	9,45	-20,0%

The routes decreased in turn as a result of the replacement of long-distance flows – to/from upstream of the Giurgiu area, where navigation was interrupted due to drought in the summer of 2022, with short-distance flows downstream of the Giurgiu area – the flows of grain export Ukraine.

River Transport Segment – Goods route completed – 12 months 2022

(bln. tons * km)	12 months 2022	12 months 2021	Δ 2022/2021
Agricultural products	0,827	0,956	-13,5%
Minerals	2,029	2,948	-31,2%
Chemical products	0,399	0,454	-12,1%
Total	3,256	4,359	-25,3%

5.4. Port Operations Segment

The volumes operated increased due to the volumes of grain export Ukraine operated, mainly by direct transshipment at the buoy terminals operationalized by TTS in the second half of the year

Port Operations Segment – Volumes – 12 months 2022

(mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
Agricultural products	2,98	2,74	8,8%
Minerals	0,72	0,78	-7,7%
Chemical products	1,12	1,14	-1,8%
Total	4,82	4,66	3,4%

5.5. Financial information on segmentation

The information reported to the main decision factor on operations for the allocation of resources and the evaluation of segment performance considers the type of activities – brokerage, river transport, port operation services and other services (transport fleet repairs, distribution of various goods - timber, fuel, hydrotechnical works, bunkering services).
We present below the analysis of the Group's revenues and results from continuous operations on reportable segments:

2022	**Total**	**Forwarding**	**River transport**	**Port operation**	**Other**	**Intersegments**
Income	**934,409,848**	**731,058,099**	**472,824,238**	**108,359,555**	**64,064,392**	**(441,896,436)**
Cost of goods sold	(32,523,946)	(384,342)	(1,637,722)	-	(42,126,306)	74,310
Expenses related to consumables	(123,825,466)	(192,800)	(68,708,573)	(8,648,170)	(2,571,699)	441,334
Depreciation and depreciation	(72,940,789)	(2,865,850)	(42,167,095)	(13,837,840)	(2,715,861)	-
Packaging costs	(8,402)	-	(2,413)	(4,973)	-	-
Expenses related to subcontractors	(331,178,765)	(367,027,718)	(101,669,544)	(14,860,551)	(8,472,799)	283,359,238
Expenditure related to staff remuneration	(124,214,100)	(10,275,635)	(58,694,519)	(19,904,103)	(9,615,646)	200
Electricity costs	(7,077,180)	(185,426)	(1,031,148)	(3,994,232)	(1,189,544)	70,874
Repair costs	(16,133,453)	(2,252,067)	(12,852,095)	(4,950,850)	(504,735)	8,374,101
Other expenditure	(21,911,806)	(7,081,020)	(10,668,112)	(8,139,267)	(2,854,504)	5,325,087
Other earnings	53,515,954	11,680,367	29,338,078	1,292,442	2,530,928	(1,777,281)
Other losses	(47,715,826)	(10,215,710)	(16,088,410)	(867,711)	(4,305,450)	3,945,376
Total operating result	**210,396,069**	**93,955,572**	**100,138,057**	**19,826,216**	**(958,974)**	**(2,564,802)**
Net financial investment (cost)/ income	1,026,111					
Net finance (cost)/ income	(2,819,913)					
Profit for the year from continued operations	**208,602,267**					
Income tax expenses	(29,747,916)					
Profit for the year	**178,854,351**					

2021	**Total**	**Forwarding**	**River transport**	**Port operation**	**Other**	**Intersegments**
Income	**598,812,025**	**418,519,372**	**315,914,917**	**89,515,050**	**74,839,043**	**(299,976,357)**
Cost of goods sold	(44,074,060)	(384,342)	(1,637,722)	-	(42,126,306)	74,310
Expenses related to consumables	(79,679,908)	(192,800)	(68,708,573)	(8,648,170)	(2,571,699)	441,334
Depreciation and depreciation	(61,586,646)	(2,865,850)	(42,167,095)	(13,837,840)	(2,715,861)	-
Packaging costs	(7,386)	-	(2,413)	(4,973)	-	-
Expenses related to subcontractors	(208,671,374)	(367,027,718)	(101,669,544)	(14,860,551)	(8,472,799)	283,359,238
Expenditure related to staff remuneration	(98,489,703)	(10,275,635)	(58,694,519)	(19,904,103)	(9,615,646)	200
Electricity costs	(6,329,476)	(185,426)	(1,031,148)	(3,994,232)	(1,189,544)	70,874
Repair costs	(12,185,646)	(2,252,067)	(12,852,095)	(4,950,850)	(504,735)	8,374,101
Other expenditure	(23,417,816)	(7,081,020)	(10,668,112)	(8,139,267)	(2,854,504)	5,325,087
Other earnings	43,064,534	11,680,367	29,338,078	1,292,442	2,530,928	(1,777,281)
Other losses	(27,531,905)	(10,215,710)	(16,088,410)	(867,711)	(4,305,450)	3,945,376
Total operating result	**79,902,639**	**29,719,171**	**31,733,364**	**15,599,795**	**3,013,427**	**(163,118)**
Net financial investment (cost)/ income	895,209					
Net finance (cost)/ income	(1,916,416)					
Profit for the year from continued operations	**78,881,432**					
Income tax expenses	(10,828,634)					
Profit for the year	**68,052,798**					

We present below the analysis of the turnover on the main categories of goods and services provided.

2022	**TOTAL**	**Forwarding**	**River transport**	**Port operation**	**Others**	**Intersegments**
Total	**934,409,848**	**731,058,099**	**472,824,238**	**108,359,555**	**64,064,392**	**(441,896,436)**
Agricultural products	333,731,591	292,528,349	192,078,690	71,867,606	-	(222,743,054)
Chemicals	60,609,309	53,721,483	35,427,218	17,165,714	-	(45,705,106)
Mineral	312,565,167	259,685,324	193,328,301	12,100,061	-	(152,548,519)
Other products	34,901,582	-	34,901,582	-	-	-
Other services	192,602,199	125,122,943	17,088,447	7,226,174	64,064,392	(20,899,757)

2021	**TOTAL**	**Forwarding**	**River transport**	**Port operation**	**Others**	**Intersegments**
Total	**598,812,025**	**418,519,372**	**315,914,917**	**89,515,050**	**74,839,043**	**(299,976,357)**
Agricultural products	172,204,757	138,762,287	73,451,168	58,595,051	-	(98,603,749)
Chemicals	52,708,761	46,918,961	29,459,735	14,095,976	-	(37,765,911)
Mineral	226,577,950	185,352,350	175,366,822	11,287,183	-	(145,428,405)
Other products	22,558,491	-	22,558,491	-	-	-
Other services	124,762,066	47,485,774	15,078,701	5,536,840	74,839,043	(18,178,292)

Other services for the Other segment mainly include trade revenue, shipyard revenues, hydrotechnical works, bunkering services.

6. Investments

The TTS Group's total investments in 2022 amounted to approximately RON 120.8 million, the largest share being represented by investments in the river transport segment RON 87.7 million and investments in the port operation segment RON 24.1 million.

Depending on the destination, RON 62.5 million represented development investments (both in the transport segment by continuing the modernization programs, as well as in the port operation segment, mainly the investments in the Giurgiu port and in the Canopus Star terminal in Constanta port) and RON 58.4 million in maintenance investments (mainly in the river transport segment).

The main share in CAPEX 2022 at the level of the Group is represented by the investments of CNFR NAVROM SA which had several programs underway:

- Program for equipping barges with aluminum caps (2 barges requiring constructive modifications finalized, 2000 to capacity)
- Modernization program of propulsion to pushers and floating cranes (3 pushers and 2 floating cranes, completed or in various stages of execution)
- Investment programme for ship recertification (3 pushers and 70 barges completed and 28 barges in various stages of execution)

In November 2021, the investment made by TTS in the modernization of Oltenita port, operated by TTS Porturi Fluviale, with a total value of 5.6 million lei, was completed. The investment aimed at developing new port operating flows, optimizing the movement of freight vehicles for access to port facilities as well as diversifying the services offered (indirect transshipment)

Also in 2022, Canopus Star completed the first part of the investment aimed at expanding the operating capacity by creating the possibility of simultaneous operation of two sea-going vessels or a sea-going vessel with several river vessels.

In December 2021, TTS started a project to modernize the Giurgiu port with European funds, by submitting an application for funding through the Large Infrastructure Operational Program for the project "Infrastructure modernization in Giurgiu port, Ramadan area, berths 1, 2 - port platform, utilities, access ways" within the POIM Call /642/1/3/ Increasing the use of waterways and ports located on the central TEN-T network / 3 / Increasing the use of waterways and ports located on the core TEN-T network, opened under the Large Infrastructure Operational Programme 2014-2020, Priority Axis 1, Specific Objective 1.3 "Increasing the volume of goods transited through intermodal terminals and ports". The project has a total value of EUR 4.8 million, of which EUR 1.9 million is the contribution of TTS. This Project is ongoing, to be completed by the end of 2023.

7. Human resources

The average number of employees and other assimilated persons for the financial year 2022 was 1,411 persons (1,327 as of December 31, 2021), and the effective number at 31.12.2022 was 1,517 persons (1,438 as of December 31, 2021).

The Group's personnel policy regarding the professional training of the staff was well supported in terms of internal training, and the trainings were carried out in accordance with the approved plan for 2022.

According to this during 2022, the company invested in training and attestation courses outside the company the amount of approximately RON 212,525 (RON 178,179 in 2021).

	December 31, 2022	December 31, 2021
Expenses with salaries and allowances	110,410,016	88,036,029
Insurance contribution for work	2,980,677	2,319,656
Other expenditure on insurance and social protection	3,908,620	2,510,822
The value of the meal vouchers granted	4,129,366	3,355,977
TOTAL	**121,428,679**	**96,222,484**
Allowances of the Board of Directors and executive directors	2,785,421	2,267,219
TOTAL	**124,214,100**	**98,489,703**

8. Environment

The companies belonging to TTS Group comply with the provisions and regulations of the Romanian law on health, safety, safety and environmental protection, being necessary in this regard to obtain, maintain and renew various authorizations.

Some of the companies belonging to TTS Group hold environmental permits, in which certain conditions and obligations are imposed in relation to the object of activity and the facilities of each company. The environmental permits, the validity of which extends over a period of 5 years from the date of issue, with an annual visa, were issued by the competent territorial agencies for environmental protection as a result of fulfilling the conditions on environmental protection. In the process of evaluating the granting of these authorizations, the companies went through a rigorous process that consisted in transmitting bulky documentation including lists of ships, vehicles and equipment, technical reports for environmental monitoring, contracts for the rental of the port infrastructure, contracts concluded with authorized economic operators for the collection, treatment, disposal / recovery of waste, water management authorizations, plans to prevent and combat accidental pollution and sketches, site plans and layout plans.

At the level of the TTS Group there is a well-developed strategy for environmental protection, through which the operations carried out are regularly monitored and evaluated. This strategy led to the ISO 9001: 2018, ISO 14001: 2015 and ISO 45001: 2018 certification of the facilities belonging to TTS Operator, TTS Porturi Fluviale, Navrom Shipyard, Bunker Trade Logistics, Cernavoda Shipyard, Agrimol and CNFR Navrom. These certifications are relevant for the port's areas of activity, the storage of goods, treatment, grain storage, rail freight transport, inland waterway transport, metal structure, naval and non-naval structures, and shipbuilding and shipbuilding.

TTS Group has implemented various plans to combat and intervene in case of accidental pollution and has installed pollution control equipment. TTS Group ensures the implementation and regular updating of the programs for the prevention and reduction of the quantities of waste generated from its own activities. TTS Group also regularly reviews the plans for combating and intervening in the event of accidental pollution. TTS Group also temporarily stores wastewater and bilge water in the tanks of its vessels or in metal retention vats. Other measures that TTS Group has taken consist of the installation of special receptacles for the collection of specific waste, as well as concrete platforms, cleaner absorbent products and anti-polluting dams.

At the same time, some of the companies belonging to the TTS Group have the obligation to submit to the competent authority for environmental protection, periodically, reports on the results of the monitoring of environmental factors, carried out by a subcontracted accredited laboratory. Such reports cover the analysis of domestic waste water, the analysis of the level of noise, emissions into the air, the record of the management of the waste produced or the evidence of freshly consumed oil and waste oils. This ensures effective monitoring aimed at preventing environmental pollution.

Each company member of the TTS Group has concluded with authorized economic operators contracts for the supply of drinking water, for the discharge of domestic wastewater, for the collection, treatment and neutralization of waste and for the collection, recovery and /or disposal of waste oils.

Since 2014, TTS group has constantly monitored the environmental impact of the activities of the main companies in TTS Group according to World Bank standards, as a result of the partnership with the IFC. The results of this monitoring are included in the annual EHS reports (the last published report being the one for 2021) covering the following topics relevant to TTS business sustainability:

- Adopted ISO certified management systems
- Health and safety at Work
- Energy consumption
- CO2 emissions
- Residue and waste management

In carrying out the monitoring and EHS Reports, TTS is assisted by TQ Consultanță și Recrutare S.R.L Galați (https://tqconsult.ro/), a company accredited ISO 14065/2013 by RENAR for the verification of greenhouse gas emission reports and ton-kilometer data according to Implementing Regulation (EU) 2018/2067.

Starting from 2022, TTS publishes annual sustainability reports built on the basis of the GRI ("Global Reporting Initiative") reporting standards. The first Sustainability Report on the activity of the TTS group in 2021 was published on 04.07.2022.

9. Risk management system

Currency risk

The group is exposed to currency fluctuations in commercial and financial transactions. Currency risk results from recognised assets and liabilities, including loans, denominated in foreign currency. Due to the associated high costs, it is the Group's policy not to use derivatives to hedge this risk.

Management of interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments bear interest at market rates and therefore their fair values are considered not to differ significantly from carrying amounts.

Credit risk management

The group is exposed to credit risk due to commercial and other claims. The group has policies in place to ensure that sales take place to customers with an appropriate payment history. Debt maturities are carefully monitored and outstanding amounts are closely followed. Commercial receivables (clients) are net of impairment adjustments for intrigued customers. The group implements policies that limit the amount of credit exposure to any financial institution.

Liquidity risk management

Prudent liquidity risk management involves maintaining a sufficient amount of cash and sufficient available credit lines, continuously monitoring the estimated and present cash flows and matching the maturities of financial assets and liabilities. Due to the nature of its work. The group intends to be flexible on financing options, with the support of the majority shareholder.

Fair value of financial instruments

The fair values of financial assets and liabilities are determined as follows:

- the fair value of financial assets and liabilities with standard terms and conditions and traded on liquid asset markets is determined by reference to quoted market prices;

- the fair value of other financial assets and liabilities (excluding derivative instruments) is determined in accordance with generally accepted price models, based on the analysis of expected cash flows, using prices from observable current market transactions; and
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, the analysis of expected cash flows shall be used, using the yield curve applicable to the duration of derivative instruments that do not include options and options models for derivative instruments based on options.

Financial instruments on the balance sheet include trade receivables and other receivables, cash and cash equivalents, short- and long-term loans and other liabilities. The estimated fair values of these instruments approximate their carrying amounts. The accounting values represent the maximum exposure of the Company to the credit risk related to the existing receivables.

10. Corporate governance in TTS group

10.1. Principles and governance structure of TTS group

The governance structure and rules under which TTS exercises control over the group companies are as follows:

- The companies in the group have the legal form of joint-stock company (S.A, Zrt.) or limited liability company (S.R.L., Kft., GmbH.)
- Each company has its own governing bodies, Board of Directors or Sole Administrator, depending on the provisions of the articles of incorporation, responsible for the proper functioning of the company.
- TTS exercises its control and appoints the persons in the management of the subsidiaries by voting in the general meetings of the shareholders/associates of the companies, or by decision of the sole associate, as the case may be.
- Companies have commercial autonomy, serving their own customer base in addition to orders placed within the group
- Voting mandates and representation of TTS in the general meetings of the shareholders/associates of the subsidiaries are approved by the Board of Directors of TTS, based on the informative materials made available to the shareholders/associates by each subsidiary
- At the request of the subsidiaries, in the case of situations that may affect the TTS group as a whole, the Board of Directors discusses these situations and makes guidance and recommendation decisions that are communicated to the subsidiary that made the request

- Intra-group transactions, both those between TTS and a subsidiary and those between subsidiaries, are subject to reporting obligations based on art. 108 of Law no. 24/2017 on issuers of financial instruments and market operations, reports being made with a rhythm dictated by reaching or exceeding the TTS reporting threshold
- The activity of reporting transactions between related parties is the subject of two reports drawn up by the statutory auditor of TTS
-

10.2. Intra-group transactions in 2022 (related party transactions)

In 2022, 45 reports were published on intra-group transactions with a total value of 490,643,360 lei, covering transactions from 07.09.2021 to 29.12.2022, drawn up based on art. 108 of Law no. 24/2017 on issuers of financial instruments and market operations:

Parties in transaction	Number of reports	Period covered	Total amount
TTS and NAVROM	36	22.12.2021 – 29.12.2022	401.892.925
TTS and TTS Operator	3	07.09.2021 – 21.09.2022	29.303.207
TTS and Canopus Star	2	28.12.2021 – 22.12.2022	19.007.400
NAVROM and NAVROM SHIPYARD	4	09.11.2021 – 18.10.2022	40.439.828

The reports published in 2022 were the subject of two independent limited assurance reports on the information included in the reports on transactions with related parties, prepared by Deloitte Audit S.R.L., reports published on 29.07.2022 and 31.01.2023, in accordance with the legal provisions.

11. The non-financial statement regarding the year 2022

TTS prepares and publishes an annual sustainability report that covers the environmental, social and governance aspects of TTS group's activity with the application of GRI (Global Reporting Initiative) reporting standards. According to the Company's 2023 Financial Calendar, the Sustainability Report on the activity of TTS group in 2022 will be published on June 30, 2023.

All the information required for the non-financial statement, as provided for in point 44 of the Accounting Regulations in accordance with the International Financial Reporting Standards of 12.12.2016 approved by Order no. 2844/2016, as well as those provided for in point 48^2 of the same normative act, will be included in the Sustainability Report on the activity of TTS group in 2022.

12. Significant events occurring after the financial year end

TTS has concluded a preliminary transaction agreement and is going to negotiate the contractual terms in order to acquire a block of shares ("The Transaction") representing 99.9% of the share capital of a company registered in Romania with activity in the field of port operations ("Target Company").

It has operational capabilities complementary to TTS group's (including operational berths, quay cranes, railway lines), contributing to the expansion of capacity and the diversification of the services provided by TTS group through the port operation segment. The target company uses strategically positioned port land, and owns storage platforms and covered warehouses, as well as equipment that allows the scaling of TTS's activity and its subsidiaries.

The main conditions of the preliminary agreement are:

- Price: 21.8 million EURO
- Payment in one installment at the conclusion of the contract

The Company has carried out due diligence procedures regarding the Target Company. The transaction will be financed through a combination of bank credit facilities and funds from the Company.

The contract will be concluded after the Competition Council issues a no-objection decision regarding the economic concentration operation carried out through the Transaction and the prior approval of the transaction by the Extraordinary General Meeting of TTS Shareholders.

* * *

The Board of Directors of TTS (Transport Trade Services) S.A. considers that the consolidated financial statements together with the explanatory notes are correctly and legally drawn up, and propose to the General Meeting of Shareholders

- approval of the consolidated financial statements (statement of financial position, statement of comprehensive income, statement of change in equity, statement of cash flows, explanatory notes) as of December 31, 2022,

- approval of the distribution of profit and the discharge of administrators for the financial year of 2022.

President of the Board of Directors

Alexandru – Mircea MIHĂILESCU